CANADA

DEBATES OF THE SENATE

OFFICIAL REPORT

(HANSARD)

THE HONOURABLE GUY CHARBONNEAU
SPEAKER

1984-85-86
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THE SPEAKER

THE HONOURABLE GUY CHARBONNEAU

THE LEADER OF THE GOVERNMENT

To June 30, 1986

THE HONOURABLE DUFF ROBLIN, P.C.

From June 30, 1986

THE HONOURABLE LOWELL MURRAY, P.C.

THE LEADER OF THE OPPOSITION

THE HONOURABLE ALLAN J. MACEACHEN, P.C.

OFFICERS OF THE SENATE

CLERK OF THE SENATE AND CLERK OF THE PARLIAMENTS

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CLERK ASSISTANT OF THE SENATE

RICHARD G. GREENE

GENTLEMAN USHER OF THE BLACK ROD

RENÉ M. JALBERT, C.V., C.D.

LAW CLERK AND PARLIAMENTARY COUNSEL

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

THE SENATE

Tuesday, September 17, 1985

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

Prayers.

GENTLEMAN USHER OF THE BLACK ROD

APPOINTMENT OF RENÉ M. JALBERT, ESQUIRE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that I have received a certified copy of Order in Council, P. C. 1985-2124, appointing Mr. René M. Jalbert, CV, CD, Gentleman Usher of the Black Rod, effective July 10, 1985.

Hon. Senators: Hear, hear.

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, I wish to take a moment of the Senate's time to welcome the new Gentleman Usher of the Black Rod to our chamber, to congratulate him on his distinguished career to date both in the military and in the field of protocol in his native province, and on his spectacular and worthwhile years of service in the Quebec National Assembly.

The honourable gentleman is welcome here indeed. I congratulate him on his past service and I look forward to seeing him with us for many years to come. I wish him all the very best—and that includes a good deal of patience as he suffers through our somewhat laborious debates from time to time.

Thank you for joining us.

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we also wish to offer our congratulations. However, I wonder who is actually to be congratulated, and I think the Senate of Canada deserves to be congratulated on the truly felicitous appointment of the gentleman introduced here today as our Gentleman Usher of the Black Rod. We wish to offer him a most cordial welcome and our best wishes for a long and satisfying career in our midst.

[*English*]

DISTINGUISHED VISITORS IN GALLERY

DELEGATION FROM PEOPLE'S REPUBLIC OF CHINA

The Hon. the Speaker: Honourable senators, I wish to draw your attention to the presence in our gallery of a delegation from the National People's Congress of the People's Republic of China, led by His Excellency Mr. Wang Renzhong.

Hon. Senators: Hear, hear.

CROWN CORPORATIONS DISSOLUTION AUTHORIZATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-60, to authorize procurement of the dissolution of certain Crown corporations and to amend or repeal other Acts in consequence thereof.

Bill read first time.

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

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

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-69, to amend the Canadian Institute for International Peace and Security Act and certain other Acts in relation thereto.

Bill read first time.

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

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

DOCUMENTS TABLED

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, I have before me a rather formidable list of documents to table. It includes reports required by the Access to Information Act and the Privacy Act for the period ended March 31, 1985, pursuant to section 72(2) of the acts, chapter 111, Statutes of Canada, 1980, 1981, 1982 and 1983. There are 57 such reports. As well, I have six or seven pages of reports and notices which must be tabled. With the concurrence of the Senate, I would like to table them and ask that they be appended to the *Minutes of the Proceedings* for this day. Honourable senators could then look through the list and if there were any about which they would like information or on which they would wish to ask questions, I would be only too happy to try to reply at a later date.

Alternatively, of course, if the Senate wishes, I will read each and every one now. The choice lies with the Senate.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Doody has shown me the list and it is indeed lengthy. This is understandable when so many organizations are required to report under the particular acts, and when there is an accumulation of other documents over the summer break. I think his suggestion that the list of documents simply appear in our records is a reasonable one.

Senator Doody: Honourable senators, reluctantly I give up this opportunity to take up five pages of *Hansard*, and I pass the documents to the table.

Senator Frith: You're a brick!

(*For list of documents, see* Minutes of the Proceedings of the Senate.)

CANADA'S INTERNATIONAL RELATIONS

SPECIAL JOINT COMMITTEE—INTERIM REPORT ON BILATERAL TRADE WITH UNITED STATES AND CANADA'S PARTICIPATION IN RESEARCH ON STRATEGIC DEFENSE INITIATIVE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that, pursuant to the Order of the Senate of June 27, 1985, the Honourable Senator Flynn, P.C., from the Special Joint Committee on Canada's International Relations, has deposited with the Clerk of the Senate an interim report of the committee pertaining to bilateral trade with the United States and Canada's participation in research on the Strategic Defense Initiative.

Honourable senators, when shall this report be taken into consideration?

On motion of Senator Flynn, report placed on the Orders of Day for consideration on Tuesday next, September 24, 1985.

THE RIGHT HONOURABLE PIERRE ELLIOTT TRUDEAU, P.C.

RECORD OF ADMINISTRATION—NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I give notice that, on Thursday next, September 19, 1985, I will call the attention of the Senate to an examination of Mr. Trudeau's record.

STRATEGIC DEFENSE INITIATIVE

NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I give notice that on Thursday next, September 19, 1985, I will call the attention of the Senate to the Strategic Defense Initiative.

NATIONAL FILM BOARD

FILM ENTITLED "THE KID WHO COULDN'T MISS"—NOTICE OF MOTION

Hon. Hartland de M. Molson: Honourable senators, I give notice that tomorrow, Wednesday, September 18, 1985, I will move that the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the activities of the National Film Board with respect to the production and distribution of the film "The Kid Who Couldn't Miss."

AGRICULTURE, FISHERIES AND FORESTRY

COMMITTEE AUTHORIZED TO RECEIVE PRESENTATION FROM INTERNATIONAL CHEESE COUNCIL OF CANADA

Hon. Jack Marshall, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on Agriculture, Fisheries and Forestry, in response to a request from the International Cheese Council of Canada, be authorized to receive a presentation on Thursday next, September 19, 1985, from representatives of that council with respect to certain issues relating to the establishment of a long-term dairy policy and, if the committee considers it necessary, to report thereon.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE SENATE

ABSENCE OF LEADER OF THE GOVERNMENT

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, Senator Roblin has asked me to convey his regrets and apologies to the chamber this afternoon. He is unavoidably absent today on matters of urgent necessity. He wishes me to tell you that he will be in the chamber tomorrow. However, in the meantime, if there is anything that I can do, I am at your disposal and will be only too happy to oblige.

BANKING

CANADIAN COMMERCIAL BANK AND NORTHLAND BANK—STATUS OF PROPOSED JOINT COMMITTEE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I had intended to ask a number of questions about the Canadian Commercial Bank, which is a matter of great public concern and has dominated the media and discussion in the country for the past several weeks. In the understandable absence of the Leader of the Government, I will defer any questions of substance until tomorrow. I do that not because of a lack of confidence in the Deputy Leader of the Government but because it was the Leader of the Government himself who introduced a bill and urged it upon us on March 29 with a package that proved to be ineffective and which, despite its laudable objectives, resulted in the collapse

of the Canadian Commercial Bank. I think, therefore, it would be the responsibility of the Leader of the Government to explain what, up to the present, has been impossible to explain. Perhaps he could do it tomorrow.

However, honourable senators, in deferring the questions of substance, I would like to ask the acting leader about a statement made by the Minister of State (Finance) on September 1, when she announced the liquidation of the Canadian Commercial Bank.

In that press release the following sentence appears:

> Mrs. McDougall also announced that the government will be asking Parliament to establish a joint committee of the Senate and the House of Commons to examine matters relevant to the Canadian Commercial Bank and the Northland Bank.

I should like to ask the Acting Leader of the Government in the Senate whether that commitment of the minister will be implemented and when we can expect to have the reference that would permit us to establish the joint committee.

Hon. C. William Doody (Acting Leader of the Government): To the best of my knowledge, these discussions are still taking place between the Leader of the Government in the Senate and his colleagues in the other place. Also, to the best of my knowledge, there is no resolution at this point regarding the composition of that committee. Whether, indeed, it will be a joint committee, as the Leader of the Opposition has suggested, or whether it will be a committee of the House of Commons, I am not in a position to say at this time. I have not received any definite word on that.

Senator Argue: He was quoting the minister.

Senator MacEachen: It was not my suggestion that there should be established a joint committee of the Senate and the House of Commons; it was a declaration of the Minister of State (Finance) in an official press release with respect to the Canadian Commercial Bank and the Northland Bank. She stated that it was the intention of the government to ask Parliament to establish a joint committee of the Senate and the House of Commons.

I am somewhat puzzled because there appears on the Order Paper of the House of Commons a reference of that matter to the Standing Committee on Finance, Trade and Economic Affairs. That is a committee of the House of Commons. That reference is to examine the affairs of the Canadian Commercial Bank and the Northland Bank.

I am really asking the acting leader whether he knows about this and whether the commitment made by the minister has been overruled, and if it has, why it has been overruled, and whether the leadership of the Senate has been consulted about this joint committee.

Senator Doody: I can only repeat what I said a few moments ago. I have no more information than has the honourable gentleman opposite. He read very well, and I congratulate him on that. I have read the same press release, and I know as much as the honourable gentleman opposite knows. If I had had more information on the matter, I certainly would have provided it.

Senator MacEachen: Can the Acting Leader of the Government in the Senate tell us whether the commitment made by the Minister of State (Finance) still stands?

Senator Doody: There must be a communications problem. I will try again. I have no more information than has the honourable gentleman opposite. He has read the same material as I have read. I cannot confirm or deny any change in the minister's decision at this point.

Senator MacEachen: Can the acting leader confirm that the minister was telling the truth when she issued this press release?

Senator Walker: Don't be ridiculous!

Senator Doody: I must say, quite candidly, that I have a great deal of confidence in the minister. I am not in a position to say that I subjected her to a polygraph test to determine whether she was telling the truth in the press release. I can only assume that she was telling the truth, just as she has done in the past. I have no reason to suspect that she did not; I rather suspect that she did.

Senator MacEachen: I thank the acting leader for telling us that this does constitute a truthful statement of government policy and that there will be a joint committee established.

I now ask when we will receive the reference.

Senator Doody: I have just told the honourable gentleman opposite that I am sure the statement, when made, was truthful. What the situation is today, as I say again for the fifth or sixth time, I have no further knowledge of, other than what is in the document.

If the honourable gentleman opposite wants to obtain further information, he will have to put the question to those in the government.

Senator MacEachen: So, the acting leader cannot tell us whether there will be a joint committee of Parliament. He can tell us that the minister made a declaration of government policy on September 1. He does not know whether that is government policy today. He cannot say that it is or is not.

Senator Doody: That is right.

Senator MacEachen: We need someone in this chamber who can tell us what is happening and whether we can place any reliance upon statements made by ministers. Surely, that is part of the problem with the growing erosion of the credibility of this minister—that is, no one, not even the Acting Leader of the Government in the Senate, can rely on what the minister says.

Senator Doody: For the sake of the record, I will repeat what I have said. I have every confidence in the minister. She is a lady of impeccable character and reputation. I have every respect for her.

As for this matter of grave concern to the honourable gentleman, I suggest that he wait for 24 hours and ask the

question again. Perhaps he will get a response that is a bit more definitive. I have offered what help I can and, obviously, it is not enough. We can keep the exchange going back and forth like this for the rest of the afternoon, I suspect, but I certainly cannot add anything further to what I have said up to now. The joint committee was there and now it is not there, or is it there? I do not know.

Hon. Royce Frith (Deputy Leader of the Opposition): May I ask the Acting Leader of the Government if, while we wait for this 24 hours to pass, he would undertake to try to ascertain for us what relationship there is, if any, between the the truthful, honourable statement made by the minister and the notice of motion put on the Order Paper in the other place by the President of the Privy Council referring the same questions to the Standing Committee on Finance, Trade and Economic Affairs?

Senator Flynn: That is the same question.

Senator Frith: No, it is not. Let us get that straight. I am always pleased to amuse Senator Flynn and he is always easily amused at his own jokes.

Senator Flynn: I didn't make a joke. You did.

Senator Frith: The question that was asked was not as to whether the deputy leader would, in the meantime, get the information. So, that is the question I am asking.

Senator Doody: Is the Deputy Leader of the Opposition asking me to try to ascertain the relationship between the September 1 statement and the Order Paper reference in the House of Commons?

Senator Frith: Not the Order Paper. Let me repeat the question very slowly so that even Senator Flynn can understand it. The minister stated, as I think the deputy leader realizes because he so acknowledged, that there would be a joint committee. He says that as far as he knows that is government policy. There is a motion on the Order Paper under government notices of motions in the other place, dated September 11, 1985, by the President of the Privy Council "that the Standing Committee on Finance, Trade and Economic Affairs be empowered to consider and report" and so on, and then it deals with three items relating to the Northland Bank and the Canadian Commercial Bank. All I am asking is this: Since he does not know now, and I understand why that should be the case, will he inform himself in the meantime, so that tomorrow he can tell us what the relationship is between those two? Is there an intention to go ahead with both or does one supersede the other? To repeat, I am simply asking if he will undertake to try to get that information for us in the meantime.

Senator Doody: I shall certainly try to get that information for the honourable senator at the earliest possible opportunity.

Senator Flynn: You are trying to clarify the leader's question.

Senator Frith: At no time did we get an undertaking that he would try to get the information until just now. You are just not listening.

AGRICULTURE

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ACTION

Hon. H.A. Olson: Honourable senators, if Senator Flynn is finished with his amusement, I should like to ask a serious question about a subject which is of great concern to many people in the region of Canada that I come from. My question refers to what is now turning into a major economic disaster for thousands of farmers who were already in difficulty with problems relating to agricultural production generally and are now more specifically affected because of the drought that has devastated that part of Canada.

I should like to ask the acting leader if he can advise when those people can expect from the federal government a response that is in keeping with the magnitude of the difficulties they are facing. It has been known now for many weeks that this situation was developing, and several weeks have passed since any change in the weather pattern could have altered the course of events leading up to the situation that they now find themselves in.

I could add that a contribution of $48 million in assistance has been announced by the federal government; this, of course, after they had already subtracted $92 million from the budget of the Department of Agriculture earlier this year. In any event, whatever has been happening, there always seem to be some further promises that we have to review, study and so on in this situation.

I should like the acting leader to convey to the Minister of Agriculture and, perhaps, several others that the time when we can be satisfied with this kind of postponement of decisions as to what they are going to do to be of assistance to these people is running out.

I would, therefore, ask him if he knows now when further announcements will be made about actions to be taken to relieve this very serious situation.

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, I certainly appreciate the importance of the question Senator Olson has asked. I shall refer it to the minister responsible and try to get an answer for him at the earliest opportunity. I do not have the answer with me at the present time.

Senator Olson: I have one supplementary question, because I certainly want to review or examine this situation with the Leader of the Government in the Senate when he returns, which I expect will be tomorrow, because I am sure he also takes a keen interest in this matter.

Can he give some indication of what the policy will be, although the details may not be readily available to him for several days?

Senator Doody: I think it is best that I leave this matter until Senator Roblin returns tomorrow. I am sure he will go into the matter in more detail than I would be prepared to do.

Hon. Hazen Argue: I should like to add my voice to that of Senator Olson, pointing out there is now a serious emergency

in large parts of western Canada and that action in the form of $50 per seeded acre and $100 per cow is required. Action is required immediately because many farmers are in a position of almost total economic collapse. Businesses in small communities are going broke; they are being boarded up. Therefore, it is urgent that this announcement be made quickly.

I would ask, in more particular detail, whether or not the task force, headed up by the diligent member for Assiniboia, has yet made its report to cabinet. If so, at what stage is that report in terms of consideration? I should also like to know when the announcement will be made.

I would also ask that the Standing Senate Committee on Agriculture, Fisheries and Forestry consider looking into this whole agricultural situation.

In addition, I would ask the acting leader if he is aware that, in the other place, although they have been in session now for some eight days and their deliberations have occupied 300 pages of *Hansard,* this major catastrophe has warranted the attention of the members collectively to the extent of inserts into only one page of *Hansard.* One-third of 1 per cent is just not good enough for the farmers in western Canada, who are in serious financial straits at this time.

Senator Doody: Honourable senators, I have no wish to downplay the importance of the situation Senator Argue describes to us. I know exactly what he means when he talks of economic disasters and hardships.

I am witnessing a disaster in my own province this year where there has been a total collapse of the fishery on the northeast coast of the island. From the southern tip of the Avalon Peninsula to the northern tip of the Great Northern Peninsula, fish catches, in many places, have been non-existent and, in others, have been down to a range of between 10 per cent and 30 per cent of their yearly catches. There is a tremendous economic disaster in that particular area. The very same conditions the honourable senator describes, in terms of small businesses which are the backbone of the economic community in these areas, apply. They are in virtual collapse. I know exactly what the honourable senator is saying.

I studied *Hansard* diligently and I have not seen any great reference to that particular plight. I am not trying to say that the plight in western Canada is not a serious one; I know it is and I feel the greatest sympathy for those people. They, like my own people, are primary producers who live close, on day-to-day terms, to the environment in which they live.

I cannot tell honourable senators whether or not the gentleman from Assiniboia has brought in his report. I will certainly make every effort to find out. I appreciate the concern of the honourable senator and I will do what I can to find out what I can for him.

Hon. Sidney L. Buckwold: Honourable senators, my question is for the Acting Leader of the Government. It is supplementary to those raised by Senator Argue and Senator Olson, but will focus upon the province of Saskatchewan. Although Senator Olson spoke about the area of his concern and Senator Argue, quite rightly, talked about the entire western region, I would like to emphasize the disastrous situation facing Saskatchewan farmers.

[Senator Argue.]

My question is: Has any agreement been made with the Province of Saskatchewan and its government as to the kind of aid program that will make possible a living for those who have been so badly affected?

Senator Doody: Honourable senators, I shall take the question as notice and find out at the earliest opportunity.

PARLIAMENTARY SECRETARIES

SUGGESTED APPOINTMENT OF SENATORS

Hon. Peter Bosa: Honourable senators, my question is really supplementary to those put by Senator Olson, Senator MacEachen and Senator Argue. I wish to address what happens in this chamber when the Leader of the Government in the Senate is unavoidably absent. Question Period becomes meaningless, because the questions asked are not answered but are taken as notice.

Senator Flynn: What is the question?

Senator Bosa: I am coming to the question, Senator Flynn. I am saying that the inability to obtain answers to these very important questions emasculates the importance of the Senate.

I have advocated on a previous occasion the appointment of parliamentary secretaries to answer questions put during Question Period. Will the Acting Leader of the Government in the Senate impress upon his leader and upon his government the necessity of appointing some parliamentary secretaries in the Senate? There is a great deal of talent among our colleagues on the other side, and I know there are some who could answer some of the questions raised during Question Period.

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, I think that "the emasculation of the Senate" is probably a little bit of an overstatement—even, one might say, of hyperbole. We have been away from this chamber since June. It is now the middle of September. There were no questions answered during that period of time and there was no great kerfuffle made about that. Senator Roblin is suddenly absent for one day and a great crisis has presented itself. I do not think that matters are that pressing. I think we can contain ourselves for 24 hours until he gets back to resolve all of the problems on the other side of the house.

STATUS OF WOMEN

BROADCASTING TASK FORCE—REMUNERATION OF WOMEN MEMBERS

Hon. Lorna Marsden: Honourable senators, on Saturday, September 14, the *Globe and Mail* published, in its column "The Ottawa Scene", a list showing the remuneration to be received by those serving on the broadcasting task force being chaired by Mr. Gerry Caplan. This list reveals that the contracts which have been signed are very generous. However, one cannot help but notice that there are only two women on

that task force and that the remuneration they are to receive is considerably lower than that of any of their male colleagues.

Some Hon. Senators: Shame!

Senator Marsden: Will the Acting Leader of the Government in the Senate please table the financial arrangements so that we can see whether the reported information is correct and, if it is, could he explain why Madame Francine Coté and Ms. Mimi Fullerton should receive any less than their male colleagues for their terms of service?

Hon. C. William Doody (Acting Leader of the Government): Honourable senators, I do not have the specific details relating to the situation described by Senator Marsden, but I shall make every effort to obtain them for her.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, September 18, 1985

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

Prayers.

THE SENATE

OMISSION FROM ATTENDANCE RECORD—QUESTION OF PRIVILEGE

Hon. Frederick W. Rowe: Honourable senators, I rise on a very small matter of privilege. I noticed in the *Minutes of the Proceedings of the Senate* for yesterday that my name is not listed on the attendance page. The fact is that I was here for almost the entire session yesterday. Perhaps the officials concerned would take the necessary action to remedy that omission.

QUESTION PERIOD

[*English*]

BANKING

COLLAPSE OF CANADIAN COMMERCIAL BANK

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, yesterday I indicated that I would have some questions for the Leader of the Government in the Senate with respect to the collapse of the Canadian Commercial Bank. Probably the best way to begin the questioning is to remind honourable senators that on March 29, on the recommendation of the Leader of the Government, we took steps to pass very quickly a bill with respect to the Canadian Commercial Bank. In the course of that debate we received assurances that the action taken would ensure the viability of that bank. On September 1, the Minister of State (Finance) announced the collapse of the Canadian Commercial Bank. My question to the Leader of the Government in the Senate is: What happened?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I took the precaution of reading what I said in the Senate on March 29, and I am glad to say that my undertakings to the house were not as sweeping as some might suggest they were. I was careful to enter a caveat with respect to the opinions offered to us by the Inspector General of Banks and also with respect to the possibility of losses or recovering 100 per cent of the money advanced to the bank. In my mind, at any rate, I felt that we were running some risk, and I believe I notified the Senate of my opinion at the time. However, I admit quite freely that I recommended that the Senate pass Bill C-37, which it ultimately did, to validate the measures proposed by the government with respect to the support of the bank.

At the present time, I do not think that I would like to embark on a lengthy discussion as to what happened to the bank in the intervening period. However, I think one can say by way of shorthand reference regarding assets that appeared to have a certain value at the time the bill was put through last March, when it came to the test in the market several months later that value proved to be greater than could be realized in the market and, while there are countless angles to this very important matter that would occur to people who are asking questions about it, I think probably that is the basic reason for the trouble; that the assets do not appear to be realizable at the value that was set on them at the time, which was approximately 50 per cent. It appears now that the value that will be realized will be somewhat less than that. Someone said 30 per cent, but I suspect no one will know until the entire matter has been cleared up.

There is, however, an investigation being made in the other place into all aspects of this matter, and I suspect that many of the points that concern honourable senators will be the subject of discussion in that chamber and in committee in the other place.

I am aware, of course, that we are the masters of our own agenda, so that what we do about it is something that is within the power and discretion of the Senate to decide.

Senator MacEachen: Honourable senators, it is true that the statements made by the Leader of the Government in the Senate at the time were not quite as dogmatic as the statements made by the Minister of State (Finance), who appeared before the committee and who answered direct questions. But surely the Leader of the Government will admit that he himself was quite wrong in his statements to the Senate on that occasion, when he said:

> . . . all things being considered it seems to me to be the thing that we ought to do,

—namely, pass the bill—

> and there seems to be a reasonable chance of the public treasury getting back all or at least a substantial portion of its financial contribution in due course.

So the Leader of the Government in the Senate at that time told us that not only was there a chance that the bank would continue as a viable institution but also that the public treasury would get back all or at least a portion of the money. Of course, he was wrong, and he has told us today that the reason he was wrong was that the assets had been improperly evaluated at the time the support package was put together. I ask

him: Why did the government, the Inspector General of Banks and the officials of the Department of Finance not make a careful assessment of the value of the loan portfolio at that time? Why did the government not do that?

Senator Roblin: I would like to say that my honourable friend probably inadvertently missed out one of the caveats that I offered at the time, last March, when I said—

Senator Frith: Where is that?

Senator Roblin: On page 745 of *Debates of the Senate*:

> . . . unsatisfactory loans that this bank has made stand a reasonable chance—

And then the words:

> —and I go no further than that—

—with respect to getting the money back.

I want to make it clear that I recognized at that time that there was a risk, and I suggest to my honourable friend that everybody concerned recognized that there was a risk. There is no question about it, that it was not a risk-free operation, and it is a question of judgment as to how great a risk you wish to take.

Respecting the information received from the Inspector General of Banks, I said that he had reviewed the position and that he was of the opinion—and I added the words "and we hope he is right." So, it is clear that this, from the very beginning, was a question of judgment, and it was a judgment call.

One may say whatever one wishes to say about that, and if events turn out to be less than one would hope for, one simply has to recognize that fact, and I certainly do.

Respecting my observation as to the root of the problem being the question of loans, I must make it quite clear that I am not speaking *ex cathedra*; in other words, I do not believe that is an opinion other than mine, and I have arrived at that from reading such evidence as has been available so far. Others may hold different views as to what the trouble was.

I am unable to answer detailed questions on this matter, and I know that my honourable friend does not expect me to, but if a Senate committee is estabished to examine this subject, honourable senators will have an opportunity to question those who are more familiar with the facts than I am.

Senator MacEachen: Honourable senators, I acknowledge that the Leader of the Government cannot answer all of the detailed questions, but surely this is a particular case and puts a special responsibility on the Leader of the Government, because it was he who told us that passing the bill was something that we ought to do. Surely it is reasonable now to ask him to have at hand an explanation as to why the judgment of the government was so wrong at that time.

The leader appears today to be saying that he really did not support the bill when it was brought before the Senate; he is almost saying that, on second thought, he is not sure whether the bill should have been brought before the Senate.

I wish to draw to the attention of the Leader of the Government that he did, in his opening statement, say that he was not going to deal with the matter fully because the Minister of State (Finance) would be available and would respond as the authoritative voice of the government. At page 750 of *Senate Debates* the minister made the following statement:

> This is now a solvent bank which has, among its supporters, the federal government, provincial governments and six other chartered banks. So I think it would be a place which the public would regard as being secure and solvent and a place in which to do business.

The minister made that comment in reply to a question I had asked her.

So the government told us that that was a solvent institution, yet the Leader of the Government today says, "Don't ask me detailed questions about it." Can the leader not go further and tell us why the minister and he, himself, were so wrong on that occasion? I ask that because at page 751 I expressed some doubt regarding the arrangement. I said:

> However, we are taking a risk. The minister will understand that to some extent it is an act of faith—

The minister then went on to make an even more categorical statement. She stated:

> This bank, because of this action, is now a solvent institution. I want to make that clear and get that into the record. By coming up with a solution to the problem, this bank is a solvent institution.

It was on the basis of the assurances we had received from the Leader of the Government and the Minister of State (Finance) that the Senate moved quickly to pass the bill. Surely, the Leader of the Government has to give us more information as to why the government reached the decision that it was a solvent institution. He has to tell us what information the minister had relied upon when she told us that she was confident that it was a place for the public to do business, while only a few months later the bank collapsed. He said, "I just read somewhere that the assets had been improperly evaluated, but I really cannot tell you very much about it." Will he not reconsider and understand that he has a responsibility to give us some information because he will be introducing a bill here shortly, so we are told, to compensate the uninsured depositors. We will have to have the information, so why does he not start now?

• (1410)

Senator Roblin: I want to set my honourable friend's mind at rest about my enthusiasm in proposing the bill to the Senate. It is true that I proposed it and that I recommended it, and I back away not a tittle from that, but it was only correct, I think, for me to share with honourable senators as much as I knew or the opinions that I had about the problem in hand, which I did. Despite my own reservations, which I expressed then, and despite the reservations expressed by my honourable friend in committee when he was discussing the matter, I guess we both decided that it was a good thing to do, and we did it. It was done on the basis of the best information then available. We were not alone in that opinion.

When the minister came before the committee and gave the assurances that she did, she was relying on the best information that was available to her. I believe that one has to remember that the Governor of the Bank of Canada himself made some extraordinary, to my mind, efforts to secure the support of the financial community and the general public for the action that was being taken because he was concerned about the repercussions on the Canadian banking system. You may argue with that, but it is a question of judgment. He made that judgment at the time and the minister made her judgment.

My honourable friend really raised the important matters to be considered at the end of his statement, when he said, "We want to know more about this, if you expect us to deal with this matter properly." I quite agree with him. I think he does need that information. But you have to go to the best source.

Apart from the interesting discussions we have in this chamber, I have to admit that I am not the best source of information with respect to the problems that have arisen in connection with this bank. There is a multitude of questions about it. One has only to read the newspapers to see that every day some new point is raised that is either false or true or partly false and partly true. One does not know. In my opinion, the correct course to follow is to get the people who were involved in the decision-making process, who can answer directly as to what the facts were to their knowledge and as to their judgment of the matter, to report to legislative bodies as to what happened, what they did and what they have to say in reply to those questions. I believe that those questions are legitimate. They should be asked, but I tell my honourable friend that I do not think that this is the place to ask them. This is not the place where—and I hate to say it—you are going to get the best information. The best information will come in committee, when people like the Governor of the Bank of Canada, the Inspector General and officials of the banking system and anyone else who is considered a party to this matter will be available for people to question. I think that that is the way to go.

Senator MacEachen: Honourable senators, this has been the approach that the government has used to avoid answering questions about this problem. It was not the Governor of the Bank of Canada nor the Inspector General of Banks who came to the House of Commons and said that this is a solvent institution; it was a member of the Government of Canada. It was not the Governor of the Bank of Canada who said that, in his view, this was a secure place in which Canadians could do business; it was a member of the Government of Canada. We have to ask the members of the government how they could have made such a mistake.

The minister has said that they acted on the best information available. That is his statement, speaking on behalf of the government. Will he tell me what information the government had with respect to the evaluation of the portfolio of assets in the Canadian Commercial Bank, and was it the best information available?

[Senator Roblin.]

Senator Roblin: I think it is perfectly correct that the Governor of the Bank of Canada did not appear in the Senate and take part in the discussions when the minister was here, but his views on the matter are well known and are on the public record elsewhere.

However, I want to come back to my honourable friend's point. I do not think that he really expects me to be in a position to deal in detail with the matter, which is the preserve of the minister. If I wanted to dodge the question, I suppose I could take it as notice, but I am looking for a constructive solution, and that, in my opinion, involves an opportunity for senators or members of the House of Commons, as the case may be, to ask the people who made the statements and the people whose opinions were offered and were relied on in connection with this. In my opinion, that includes the ministry, of course.

I think the best course to follow is to ask the people who were in charge of the operation, because I believe it is clear that other members of cabinet will not have the same information and will not be able to give answers with the accuracy and precision that is required in the situation.

Senator MacEachen: Honourable senators, I am not asking the leader to tell me anything about what anyone else said; I am asking him to explain what he himself has said this afternoon. On his own authority, as Leader of the Government, he said the government acted on the best information available. I am asking: What information did the government have, which he described as the "best available," with respect to an evaluation of the portfolio of assets of the Canadian Commercial Bank? I am asking him to amplify what he said this very afternoon.

Senator Roblin: My honourable friend knows perfectly well that when introducing a bill, for example, I am able to give the general principles on which the bill is based, but, even at that stage, it is a common practice in Parliament to recognize the fact that a minister or a senator, when introducing a bill, is not likely to be the expert or to have the final word on the subject. That is why we have the committee system. In committee, we can ask the people we consider to be the experts on the subject to give their opinions on which the government's policy is based, and then members can judge what they think of that. I come back to the point that that is the place to go.

If I had at my fingertips the whole of this story which I could unravel on the floor of the chamber, I certainly would not object to doing so. But it is simply a fact that I do not have the entire story and I am frank to say so. I am also frank to say that the best place to get the information he wants is in committee where the people who were offering advice and the people who were taking it, including the minister in charge, will be able to deal with any questions which arise.

Senator MacEachen: Honourable senators, I have no quarrel with the general outline of the leader's statement, but I am intrigued by the comment he himself made. He admitted that we were entitled to all the information. Then he went on to say

that the government made its decision on the basis of the best information available.

Is it unreasonable for me to ask him where that information, with respect to the portfolio of assets, came from? Where did the information come from, which classed it as the best in the view of the government? The minister himself? Where did it come from? That is what I want to know. Surely, I do not need the Governor of the Bank of Canada to tell me what the minister said in the Senate this afternoon.

Senator Roblin: I am going to stick to my guns, honourable senators, because the point of the matter is that while I am able to give a general statement on government policy, which it is my duty to do, and to say in that general statement the basis on which the action was taken, which I have done, if one wishes to examine the matter in detail and find out exactly what transpired—who looked into this, what answer they gave, and what tests were applied, which are all questions which would certainly interest honourable senators—it is not reasonable to expect me to be able to answer in detail, and I tell my friend that I am not.

Hon. D. G. Steuart: Who told you? Somebody must have told you.

Senator Roblin: Come to the committee. If Senator Steuart has a question to ask, I will be glad to answer him.

Senator Steuart: Who told you? That is all we want to know. Who told you that this was the best information available? Someone must have told you. You did not invent it. Who told you?

• (1420)

Senator Roblin: Oh, well, that is an easy question to answer. The minister who appeared in this chamber told me—that's who told me. If honourable senators want to know the authority for that statement, as far as I am concerned it is the departmental brief that was authorized by the minister which formed the basis of my remarks, subject to those caveats which I took the occasion to put in on my own behalf. If honourable senators want to question that minister or her officials or anybody else, then I think we could certainly make arrangements to bring that about. Such an arrangement is within our power to make.

Senator Steuart: Honourable senators, I have a supplementary question. If this is what the minister told the Leader of the Government, did he just take that information for granted? Did he not question her? Is it a simple matter of her telling the government leader what he should say in the Senate chamber? Does the Leader of the Government come in here to parrot whatever she said? I repeat: Did he not question her? Did he not ask the source of her information?

Senator Roblin: I am in the habit, honourable senators, of taking the information that is given to me by my colleagues as being accurate and correct.

Senator Steuart: What a mistake!

Senator Roblin: I have never considered it part of my duties to act as an inquisitor, to go behind them and ask for their departmental briefs or anything of that sort. I would be very surprised if, when my honourable friend was in the cabinet in Saskatchewan, he did not find it useful to accept as being correct the statements made by his colleagues. That is certainly what I did here, and I make no apology for it.

As I have said, the minister was here and senators were in a position to ask such questions as occurred to them at that time.

I am not trying to get away from the fact that we have a serious problem here, and I am not trying to get away from the fact that honourable senators want and are entitled to information about it. I am simply trying to suggest the best way to get it.

Senator MacEachen: Honourable senators, I simply want to ask one other question. The Leader of the Government has said that in March the government acted on the best information available to it, and he has refused to identify the information or its source. I should like to ask the minister this: Does he still, on September 18, 1985, believe that that was the best information available?

Senator Roblin: When my honourable friend is in committee and has a chance to ask his own questions and to make up his own mind, I will then be interested to see his reaction to that question, because it is not a question that I have any intention of answering at the present time. It is something that will emerge from a discussion in committee.

Senator MacEachen: I think we can only become increasingly bewildered at the inability of the Leader of the Government to explain his own statements this afternoon. It would be one thing to interrogate him on what had been said by another person, but he himself is now unable to clarify what he said this very afternoon. Presumably, he now expects me to summon him to the committee to ask him whether he thinks that the best information available to the government in March was, in retrospect, and in fact the best information available. He now says that he is not going to answer my question—that I should go to committee. What a farce.

Senator Roblin: It is too bad that my honourable friend does not listen more carefully to the answers that are given in this house or to the questions that are asked. Senator Steuart asked me who gave me the information. He asked: What information was available? I said that the best information available to me was that offered me by my colleague. I am not trying to dodge that question; I have answered it. I am saying that if any honourable senator wants to go beyond that and ask my colleague the basis of the advice which she gave me, that is what he can do.

Hon. John M. Godfrey: Honourable senators, I have a supplementary question. I have been informed that officials of the Toronto-Dominion Bank thought that the best information available could be obtained through their sending in 40 of their people to inspect the portfolio of the bank. They had arranged to do so and, just prior to or during the weekend when the government intervened, they were prevented from doing so on government orders.

What I want to know is this: Is that true? That is a simple question of fact. Secondly, if it is true, why did the government

stop the Toronto-Dominion Bank's sending in 40 inspectors to try to obtain better information?

Senator Roblin: That is a question I think I can quite properly take as notice, and I will do so.

Hon. M. Lorne Bonnell: Honourable senators, could the Leader of the Government table for us, perhaps tomorrow, the good information, the better information and the best information? In that way, we in the Senate could judge the three types of information so that we would know which was really the best.

Senator Roblin: The information on which the government relied, which I have described as the best information available, will be placed before the committee for the committee to decide as to its merits.

COLLAPSE OF CANADIAN COMMERCIAL BANK—COMMITTEE STUDY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, the Leader of the Government has now referred several times to "the committee." The minister stated that there was to be a joint committee of the Senate and the House of Commons. The Prime Minister repeated that statement. I want to know if that is the committee to which the Leader of the Government is referring, namely, that there will be a joint committee to deal with this matter and to provide the information which we are unable to obtain today.

Hon. Duff Roblin (Leader of the Government): No, honourable senators. It is perfectly correct that the original statement referred to a joint Senate and House of Commons committee. That decision was reviewed, and in view of the fact that there was a committee of the House of Commons which had already been dealing with the first part of the problem last March and was well acquainted with some aspects of this matter, the decision was that the House of Commons should be asked to approve the referral of the matter to the standing committee of the House dealing with finance and banking matters. So it is the committee of the House of Commons that is being considered behind, let me say, the throne in the other place, in discussions as to just how this matter should be handled.

As I have said before, we are the masters of our own agenda and if honourable senators want our Banking, Trade and Commerce Committee to be seized of the CCB—and I rather suspect they do—then there is nothing to prevent our having that done.

CANADIAN COMMERCIAL BANK—JUDGMENT OF INSPECTOR GENERAL AS TO SOLVENCY

Hon. Ian Sinclair: Honourable senators, my question is for the Leader of the Government. When he tabled the bill last March, there was an addendum consisting of an agreement of intent. As a result of that addendum, is it part of the policy of the Canadian government that the people of Canada can accept without question the judgment as to solvency of the Inspector General of Banks?

[Senator Godfrey.]

Hon. Duff Roblin (Leader of the Government): Honourable senators, by "solvency of the Inspector General," does my honourable friend mean the reliability of the information he provides?

Senator Sinclair: I did not say that.

Senator Roblin: Then what is the question?

Senator Sinclair: When the Inspector General of Banks issues a statement that a bank is solvent, can the Canadian public accept that statement?

Senator Roblin: That is a different question from my understanding of the first one. A number of people have issued statements about solvency. The Inspector General is one, the Minister of State is another, and the Governor of the Bank of Canada is another. I rather suspect that their opinions will be examined when the committee meets, so that the committee can decide what value to place upon them.

Senator Sinclair: Honourable senators, it is my understanding that part of the mandate and duty of the Inspector General of Banks is to issue instructions if his investigations indicate that there is any question about solvency. Is that not correct?

Senator Roblin: Yes.

Senator Sinclair: Then, when he is satisfied as to the solvency, can the Canadian public proceed without question to accept that? Would you want to question it? My question is: Who is to question the Inspector General of Banks' assessment? Who is to question him?

Senator Roblin: Honourable senators, I come back to my point that the Inspector General of Banks has, as his responsibility, to rule on the solvency of banks; and if he comes to the conclusion that they are not solvent, then he has to advise the minister, who, in turn, is obliged to take certain steps. That was done around the end of August, when the Inspector General decided that this bank was no longer solvent.

As for the weight to be placed on the opinions of the Inspector General—or anyone else, for that matter—that certainly has to be a matter of judgment. No one can make a categorical statement about it.

Senator Sinclair: Honourable senators, as I understand the Agreement of Intent that was an addendum to the bill, there was a condition precedent that, before any of the $60 million was advanced by the schedule A banks, they receive in writing an assurance that the Canadian Commercial Bank was solvent. Is that correct?

• (1430)

Senator Roblin: I do not have that document in front of me, so I cannot answer, but I would not be surprised if the honourable senator is correct.

[*Translation*]

FISHERIES AND OCEANS

SALE OF CANNED TUNA FISH UNFIT FOR HUMAN CONSUMPTION

Hon. Pierre De Bané: Honourable senators, I have a question for the Leader of the Government in the Senate. Among

other duties the Department of Fisheries and Oceans must ensure that fish bought by Canadians is fit for human consumption.

Yesterday the CBC English network reported that the Minister of Fisheries and Oceans, disregarding the advice of his officials, allowed the sale of canned tuna fish unfit for human consumption.

This prompted his colleague the Minister of Consumer and Corporate Affairs to issue a warning advising Canadian consumers not to buy that canned tuna fish which was eventually taken off the market.

Does the Leader of the Government in the Senate have any comments to make about this CBC report?

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I took notice of the report that my honourable friend refers to and I have an inquiry outstanding with the Minister of Fisheries and Oceans to find out what he has to say about it. When I receive that information, I shall be glad to tell my honourable friend about it.

AGRICULTURE

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ACTION

Hon. Hazen Argue: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate. It is a follow-up question to the question I put to the deputy leader yesterday. As the government leader well knows, parts of western Canada are faced with a drought and a grasshopper infestation, the worst in the past 50 years. It is also a fact that many farmers and their families are exceedingly short of money to meet current obligations—in many instances to buy necessary food, winter clothing and school books. It is a desperate situation out there. Many meetings have been held to discuss what can be done. I have been to 15 of them. Just an hour ago I received a telephone call asking me to come, along with representatives of the three political parties, to speak to a mass rally tomorrow evening in Stoughton, Saskatchewan.

My question is this: Can the minister assure those people that there will soon be an announcement by the government dealing with the major request by the farm organizations that there be paid to grain producers in the drought area the sum of $50 per seeded acre? This request is supported by many organizations and the support is virtually unanimous.

Hon. Duff Roblin (Leader of the Government): I acknowledge the force of my honourable friend's observations about the drought and grasshopper devastation in parts of western Canada. I do not know whether it comforts anybody but, thank God, so far it is limited in its area as compared to what happened in the 1930s. My province of Manitoba, northern Saskatchewan and northern Alberta have emerged well and are in pretty fair shape. However, that does not in any way take away from the problems mentioned by my honourable friend. He knows, of course, that the crop insurance plan—and I am rather proud that my province was the first to implement it—is paying out some $500 million this year to assist in the problem. I am sure that he knows that $48 million has been provided for the livestock producers and that there has been a moratorium or freeze on foreclosures under the federal farm credit organization system. Initial steps have been taken, but that is not to say that more help is not required.

The government has an emergency task force in the field at the present time. No doubt it is acquainting itself with the sentiments of meetings such as that to which my honourable friend has referred. I expect that the emergency task force will have finished its assessment of the nature of the problem and will have formulated its advice as to the things which should be done to help out, hopefully—which is a word I shall use more often these days—by the end of this month or certainly as soon as possible. When that happens the government will be able to make its final decision. I know that two weeks is a long time in the psychological atmosphere that surrounds those people at risk in the areas involved. I think it is important to have a clear understanding of the best possible solution to the problem, rather than going off with less than a perfect plan.

Senator Argue: Honourable senators, I was hoping for a more definitive statement than the one just given by the Leader of the Government. It sounds to me like a postponement of a decision for an undue length of time, because if the task force report is not ready until the end of the month, goodness knows how long it will take the cabinet to deal with the matter and to make an announcement.

As far as the severity of the drought is concerned, it covers about half of Saskatchewan and about half of Alberta. It is a major catastrophe, as indicated by the request of a very responsible organization, the Saskatchewan Wheat Pool, that there be an infusion of money totalling as much as $500 million.

I ask the minister once again: When does he think an announcement will be made? I can tell him what turns on this money. It is not only the lot of the individual farmer, which is the main concern, but there are business people going bankrupt every day. They need to know if their customers or their accounts receivable may be met to a reasonable extent through such an announcement. I would ask the Leader of the Government to be a little more definitive. Following his reply, I will have a supplementary question on the state of the livestock industry in western Canada.

Senator Roblin: I wonder if my honourable friend heard my observation that some $500 million will be available through the crop insurance system.

Senator Argue: I heard.

Senator Roblin: That is not to be sneezed at; it is a substantial contribution. Of course, part of this is paid by the farmers, and the remaining parts by the provincial and federal governments. I do not overlook the fact that it is an insurance program to which the farmers have contributed, but it proves, in my opinion, the value of it.

I have to tell my honourable friend that I doubt that I can encourage him to think that a decision will be reached before the end of this month. I think we will have to push hard to achieve that date. As far as I am able to do so, I will urge my colleagues to take speedy action on this matter. Coming from the west, I have some idea of what it means.

Senator Argue: Honourable senators, perhaps I should clarify the parameters of this crop insurance. It is much less in gross income than one would receive from an average crop.

Senator Roblin: Oh, yes.

Senator Argue: It is based on 70 per cent of the average yield at a given price per bushel. What is most discouraging is that some of those farmers have had three or four crop failures in a row. By the provisions of the Crop Insurance Agreement, they are no longer insured for 70 per cent of a normal yield, but for 49 per cent of a normal yield. I hope I do not get the inference that because $500 million is paid out in crop insurance somehow it will be deducted following consideration of the request that $50 per acre be paid out to top load, so to speak, the crop insurance program. There is a virtually unanimous feeling among farm organizations and farmers in the areas concerned that this kind of pay-out is necessary, and it is.

I would also like to ask the leader about the $48 million paid to livestock producers. Of that sum $16 million went to Saskatchewan, $30 million to Alberta and $2 million to Manitoba which, as the minister said, suffered drought only in some small but important areas. $30 per cow, was paid into the Saskatchewan treasury instead of to the cattle producers. The reason I am asking that question is that, when the announcement was made, Premier Devine, the Premier of Saskatchewan, said "Our government is putting in $60 per head and we are on our way to Ottawa to get them to match it." At that time, every publication in the west remarked on the fact that it was $60 and that there might be another $60. In fact, the *Saskatchewan Report*, which, if you can judge by the articles in it, surely is not a partisan publication, said at the time that the producers might get $120. I do not know if this *Saskatchewan Report* is in the same category as the *Alberta Report*, but Saskatchewan had to copy Alberta, so now we have a publication called the *Saskatchewan Report*.

● (1440)

However, I am asking why John Wise, who purports to speak for the farmers, agreed to send the $30 to the Saskatchewan treasury instead of to the beef producers to whom it belongs.

Senator Roblin: If I were flip, I would probably say, for the same reason that the previous government decided to send the railway money to the railways rather than to the farmers to whom it belonged.

Senator Argue: And I hope they keep on paying it to the railways, because if they do not, the price of wheat will drop 50 cents per bushel, and the farmers cannot afford any further drop in the price of wheat. That is why it was paid to the railways.

[Senator Roblin.]

Senator Roblin: I am sure my friend will allow me the opportunity to attempt to answer his questions.

Senator Argue: Just don't twist it up with something else.

Senator Roblin: Why shouldn't I? You are complaining because the government is funnelling money in a certain direction. It is relevant, surely, to consider other examples of the same thing.

Senator Frith: You said you would do that if you were being flip, but you aren't.

Senator Argue: That is how the rules work.

Senator Roblin: You are a good one to know how loose the rules are—

Senator Argue: I said "the rules."

Senator Roblin: As a matter of fact, I am rather pleased that my honourable friend thinks there are some rules in this place, because sometimes some of us rather wonder whether that is the case. However, I simply want to emphasize to him that, regardless of the basis on which it is calculated, half a billion dollars from the crop insurance is a substantial contribution. My honourable friend raises an interesting point and that is that the present rules governing crop insurance deal with consecutive cumulative losses. That is a policy in the crop insurance plan that needs to be revisited. I think we should look at that again, and I think I am correct in saying that it is the intention of the minister to look into that aspect because, if we do have a sustained series of crop losses, then the cumulative aspect becomes rather important and, if it is not working equitably, then it should be changed. That is something that will be looked into.

With respect to the other question as to why the Minister of Agriculture decided to have the money distributed through the Government of Saskatchewan, I think I will ask the minister to provide me with the answer to that, because obviously it is not within my knowledge. At the same time, I will also ask him whether he made the same offer to Manitoba and Alberta.

Senator Argue: I think Alberta has done it in a cleaner fashion than has Saskatchewan. I understand they announced $45, so $45 plus $30 is $75, and they did not pretend that they were paying $60, or some other figure, and then refuse to go forward and pay that amount plus $30 to the cattle producers.

I ask the Leader of the Government in the Senate if he is prepared to take the concerns of the Senate in this matter to the cabinet and suggest to the cabinet that, even at this late date, the Minister of Agriculture or, better still, the Prime Minister should get in touch with the Premier of Saskatchewan and say that there was a genuine misunderstanding of what the government's intention was. From the farmers' standpoint, they felt it was completely clear, but somebody must have misunderstood. The price of hay is now $120 to $150 per tonne and the farmers need the money. So, would the Prime Minister ask the Saskatchewan government to loosen up and take the money provided by the taxpayers of Canada and send it to the beef producers? Will the Leader of the Government in

the Senate use his undoubtedly major influence in the cabinet to help bring this about?

Senator Roblin: I will use my influence in the cabinet to reinforce the desire of that body, and of the Members of Parliament for western Canada, to make sure that the treatment accorded to the Saskatchewan situation is the best possible. I have no hesitation in saying, however, that it will not be possible to save everybody harmless. There are just not enough resources to enable us to do that, but we can and, I think, we will do our best to mitigate the hardships, as far as we can.

As to the Government of Saskatchewan, I have to confess that I have no influence there whatsoever.

Senator Argue: I am disappointed in that answer. I would have thought that the cabinet would have some influence. The Leader of the Government in the Senate might try it in the cabinet, because I think the Saskatchewan government has virtually stolen $30 per beef cow from the beef producers of Saskatchewan, and that is shameful.

Senator Roblin: I think my honourable friend ought to address his charge of theft in another quarter, where no doubt he will get an interesting answer.

REFORM OF THE SENATE

GOVERNMENT ATTITUDE

Hon. Paul Lucier: Honourable senators, I have a question for the Leader of the Government in the Senate. It is a question that he will have some interest in, since he had a great deal of interest in it when he sat on this side, and I am sure he has maintained that interest. Since the joint committee on Senate reform jointly chaired by Senator Molgat, and now the Macdonald Commission, after hearing from Canadians across the country, have been told so strongly, particularly in western Canada, that Canadians want meaningful Senate reform and an elected Senate, is there any chance that this government, in the foreseeable future, will bring forth some proposals for such Senate reform?

Hon. Duff Roblin (Leader of the Government): My honourable friend tempts me to re-read my old speeches on this subject. In fact, I think it would be a good idea if I did so. I have to say that, in those days when I was proposing a Senate elected by proportional representation, I cannot remember my honourable friend rising in his place to tell me how right I was. In fact, I cannot remember many gentlemen or ladies in this chamber rising to tell me how right I was.

Senator Buckwold: I did.

Senator Doody: And I.

Senator Roblin: I have to say that there are audible exceptions. My colleague here is one, and Senator Frith is another; Senator Buckwold is another and there are undoubtedly more. However, I have to say that the majority of opinion was solidly aligned against any proposition of that kind. Now time flows along and changes many minds—on Senate reform and some other things—so I am going to take my honourable friend's advice to heart and if I am able to give him some comfort with respect to this matter, I shall report in due course.

Senator Lucier: Honourable senators, I would just like to say—

Senator Roblin: You are a convert.

Senator Lucier: That is right, and while I was not originally in favour of an elected Senate, at the insistence of Senator Roblin, among others, I sat on the committee with Senator Doody and others and, after listening to the people of Canada, I have come here prepared to deal with an elected Senate. I think that, since I and other senators have reached that stage where we are now prepared to look at an elected Senate, which we were not prepared to do before, it is imperative that the government now bring it forward in order that we can deal with it.

Senator Doody: Perhaps Senator Molgat would chair another committee to deal with it.

Senator Roblin: I have a suggestion to make to my honourable friend. As I recall, the committee co-chaired by Senator Molgat reported to the Senate, but I do not think the matter was debated. If my honourable friend wishes to bring in a resolution to debate that report, it might be interesting.

SUGGESTED APPOINTMENT OF SENATORS AS PARLIAMENTARY SECRETARIES

Hon. Peter Bosa: Honourable senators, I have a supplementary question. Major reform consists of an accumulation of minor reforms and we have discussed on previous occasions various measures, for instance the appointment of parliamentary secretaries to assist the Leader of the Government in the Senate in coping with all of the barrage of questions that are put to him, as was the case today, and which he answered with a great deal of composure and provided some information, although not always to the satisfaction of the senators asking those questions.

I would ask the Leader of the Government in the Senate if he would consider appointing some of his colleagues as parliamentary secretaries so that when he is unavoidably absent, as he was yesterday, the Senate might get some information which the Senate is entitled to have.

Hon. Duff Roblin (Leader of the Government): If that is my friend's idea of major reform of the Senate, it is certainly not mine. I leave this matter to the discretion of the Senate.

● (1450)

HEALTH AND WELFARE

ACQUIRED IMMUNE DEFICIENCY SYNDROME—GOVERNMENT ACTION

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government in the Senate whether he can now, or at an appropriate time, inform this chamber as to what action the federal government has taken to stem the

spread of acquired immune deficiency syndrome, and in particular, to inform this chamber as to what steps have been taken to protect Canadians from contracting AIDS through contaminated blood transfusions?

Hon. Duff Roblin (Leader of the Government): I can tell my honourable colleague that the Canadian Red Cross is now putting into place a procedure which will provide for the testing of all blood samples. So that will eliminate or at least minimize the risk of anyone contracting that terrible affliction through blood transfusions. That is well in hand.

Also, the Solicitor General is looking at the problem that is expected by some to arise in connection with that disease and the Canadian prison system. That may be a matter on which he may take some steps.

I think that the best thing to do regarding this matter is to educate the public and provide accurate information as to the nature of the risk and what should be done about it.

While I cannot assure my friend at the moment that this is in hand in the Department of Health and Welfare, I think it is; however, I will inquire of that department to be certain.

BANKING

CANADIAN COMMERCIAL BANK AND NORTHLAND BANK— SENATE STUDY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have a real sense of frustration about the situation we face today in that the Senate has passed a major bill, the result of which has been a major financial disaster. Today we have been unable to receive any information from the government with respect to any of the surrounding circumstances. That is clearly the situation.

Yesterday, honourable senators, I read into the record a statement made on September 1 by the Minister of State (Finance). That read as follows:

> Mrs. McDougall also announced that the government will be asking Parliament to establish a joint committee of the Senate and the House of Commons to examine matters relevant to the Canadian Commercial Bank and the Northland Bank.

That was a commitment of a minister of the government.

Senator Flynn: That was no commitment; someone said they would do something.

Senator Frith: Not from her.

Senator MacEachen: Obviously, from this government, the best information available turns out to be false. The minister said in March that the bank was solvent, and on September 1 she said it had collapsed. On September 1 she also said that there would be a joint committee of the Senate and the House of Commons established. Today the Leader of the Government has told us that there will be no joint committee established. That is supposed to be trust in government and civility.

The Leader of the Government has told us today that he cannot answer any of the questions put to him, and that there will be no joint committee. Will he now tell us what he intends to do to give the Senate an opportunity to obtain this information and discharge its responsibility?

Senator Flynn: That is all repetition.

Hon. Duff Roblin (Leader of the Government): Honourable senators, from a parliamentarian of such long experience—

Senator Frith: Here goes the speech.

Senator Roblin: —we really do not expect these little demonstrations. I know that he is a reasoned and reasonable man; I know that he is a man of a great deal of experience. To berate me because the government has decided to move from establishing a joint committee of the Senate and the House of Commons to establishing a committee of the House of Commons is a little unfair. I have offered the Senate an opportunity, if it needs any offer from me—which it certainly does not—to have the matter reviewed by its own committee. I think he ought to consider that suggestion.

I have told him three or four times that the Senate is the master of its agenda, and that if he wants the affairs of the Canadian Commercial Bank examined by the Banking, Trade and Commerce Committee, there is nothing stopping him from doing that. When that examination takes place, he will be in a position to get answers to his questions.

To charge me with obstruction or with failure to disclose the facts is a little unfair. I have told him that those whom the committee summons will appear before it and he can ask them whatever questions he wishes. I think he ought to consider that as being a reasonable proposition to present to the Senate.

Senator MacEachen: Honourable senators, I can assure the Honourable Leader of the Government that I am not demonstrating, that I am quite frustrated. I really do not think that the Leader of the Government is doing justice to himself in assuming that he is incapable of answering any of these questions. I think he is capable of answering them. I have greater confidence in the leader than he has in himself, but he has declined to answer those questions.

I thought the establishment of the joint committee was a way out, but that prospect has now been removed. Now the Leader of the Government has told us that it is the responsibility of members of the opposition to move that a reference be made to the Banking, Trade and Commerce Committee. If I move that this matter be referred to the Standing Senate Committee on Banking, Trade and Commerce, will the leader support that motion to facilitate its immediate passage?

Senator Flynn: Don't be silly! You have the majority.

Senator Frith: Will he or won't he!

Senator Roblin: I have tried to listen carefully to the points my honourable friend has made. There are one or two that I am tempted to rebut, but I will deal with the last point he has made. He said that I said the opposition should refer this matter to a Senate committee. I never said that. I said the Senate was the master of its own agenda. If the Leader of the Opposition wants to know whether I am prepared to move a

motion to that effect in the Senate, I can tell him that I am, and will be doing so in due course.

Senator Frith: It took just over an hour to get that.

STATUS OF NORTHLAND BANK

Hon. Hazen Argue: Could the Leader of the Government in the Senate inform this chamber as to the status of the Northland Bank, bearing in mind the difficulties it is in?

As the leader will understand clearly, there are many investors in that bank in western Canada, and that bank may be in a state of demise already. Is there still some hope that there can be a salvage package or a new arrangement—and I hate to use those words—or a merger with some other larger and better equipped financial institution so that that bank may remain a functioning organization?

Hon. Duff Roblin (Leader of the Government): We are faced with exactly the same problem with that bank that we were facing with the CCB last March; exactly the same problem.

What has happened in the interval, of course, is that last August the Inspector General of Banks said that the Northland Bank was no longer a viable operation. That triggered the action the government is obliged to take under the statute.

As my honourable friend is aware, the government is trying to find somebody in the private sector willing to take on that bank under certain terms and conditions in order to allow it to continue as a viable enterprise in one form or another—that is, either independently, in amalgamation, or in some sort of association with other financial institutions.

According to my information, there has been some interest shown by more than one party, but it is quite impossible for me to say at the moment whether any of these expressions of interest will mean the salvation of the bank, which my honourable friend hopes for and which I hope for. I think the bank is in deep trouble and it will take a great deal of negotiation to get it out of trouble. I make no prophecy whatsoever as to the outcome of those negotiations.

Senator Argue: The important part of the leader's reply is that negotiations are still ongoing.

Senator Roblin: Yes.

CANADIAN COMMERCIAL BANK AND NORTHLAND BANK—SENATE STUDY—WORDING OF RESOLUTION

Hon. John M. Godfrey: With respect to the reference to the Banking, Trade and Commerce Committee, is the Leader of the Government in the Senate prepared to consult with the Leader of the Opposition on the wording of the proposed resolution? I ask that because it is very important.

Senator Flynn: How do you know?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am going to start my consultations with the chairman of the committee because they have a number of items before them for reference. It may be that that covers this particular issue although I am not certain of it.

With respect to consulting with the Leader of the Opposition, I will always talk to him on any topic whatsoever.

Senator Walker: You are long suffering.

Senator Roblin: I am not entirely sure that he wants me to talk to him, but if he is willing to talk, then I am certainly willing.

Senator MacEachen: I would be delighted to talk.

• (1500)

CAPE BRETON DEVELOPMENT CORPORATION

APPOINTMENT OF BOARD OF DIRECTORS

Hon. Robert Muir: Honourable senators, when I sat on the other side, time and time again I raised the question of when members of the board of directors of the Cape Breton Development Corporation would be appointed. However, I was not too successful in receiving an answer. Now that I have been sitting on this side for the past year, may I ask the Leader of the Government if there was an announcement made yesterday or today as to when we are going to have a board of directors appointed? Are those in charge still having their meetings in their bathrooms looking at themselves and talking to each other rather than to board members?

Senator Hicks: You are no more successful on that side than you were on this side.

Senator Muir: I shall ignore that comment from the distinguished senator on that side.

Hon. Duff Roblin (Leader of the Government): Honourable senators, Mary Tudor had the word "Calais" engraved on her heart and I think the name of Senator Muir is going to be engraved on mine. I do not have an answer to that question yet. I shall make another valiant effort to try to get the answer he seeks.

SYDNEY STEEL CORPORATION

REQUEST FOR ANSWER

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, while the Leader of the Government is in Cape Breton finding the answer to Senator Muir's question, will he try to get an answer to the question I asked months ago about the Sydney Steel Corporation?

Hon. Duff Roblin (Leader of the Government): Yes, I shall. I should tell my honourable friend something that he will be interested in, namely, that further measures in connection with the Cape Breton situation may well be possible. The subject is under discussion and we are not completely satisfied that we have the best formula to help that community recover itself.

Senator MacEachen: That is what I said earlier.

Senator Roblin: No, it is not.

Senator MacEachen: I am glad you caught on.

Senator Roblin: I accepted my honourable friend's statement from the beginning, but I told him that we had to try. We had some successes. Some new factories have gone up in that neck of the woods.

Senator MacEachen: No one has seen them. They are invisible.

Senator Doody: They're safer that way.

Senator Roblin: I have to admit that there is many a slip between an announcement and a factory but, in any case, we think that there is going to be one. I will try to ascertain an answer to my honourable friend's question about the iron works.

FISHERIES AND OCEANS

SALE OF CANNED TUNA UNFIT FOR HUMAN CONSUMPTION

Hon. Philippe Deane Gigantès: Honourable senators, my question is to the Leader of the Government and it is a follow-up on the question by Senator De Bané with reference to Starkist tuna. Obviously, the minister was facing three problems: the first, he said, was to save that factory; the second, to prevent children and older people in Canada from being poisoned by bad food; and, the third, to preserve the reputation of Canadian food exports. He could have achieved all three objectives, but he chose the worst possible course for all three. He did not save that factory; in fact, he has destroyed it because its reputation is now in shreds. He has put on the shelves of supermarkets food that is dangerous to the health of Canadians not to mention cats. As far as the outside clientele of Canada for our fish, which is a major export earning us $2 billion a year is concerned, they will never trust a Canadian product again unless the person resigns who took the incredible course of rejecting two recommendations by qualified experts saying that this food was dangerous and seeking a third who would be compliant by saying that it was safe.

Senator Flynn: Very good speech!

Senator Gigantès: Will the Leader of the Government convey to the minister that there are a lot of people out there who dislike having their health endangered because of such monumental errors in common sense?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think I may regard that as an expansion of the question originally asked by Senator De Bané and I will give my honourable friend an expanded answer.

[*Translation*]

Senator Gigantès: When putting forth his question could the Leader of the Government also ask the Minister of Fisheries whether he has the fishes or Pisces as his astrological sign.

[*English*]

DECISION OF MINISTER RE LICENCE—REQUEST FOR ANSWER

Hon. John B. Stewart: Honourable senators, the Leader of the Government in the Senate has said that he is going to get an accurate answer with regard to this matter. I wonder if while he is doing that he could get an answer to another question relative to another decision of the Minister of Fisheries and Oceans. Honourable senators will recall that on June 27, 1985 Senator Thériault asked a question about the transfer by the minister of a licence from one fishing vessel to another over the objections of officials of the department. I asked if the Leader of the Government would ascertain what considerations the Minister of Fisheries and Oceans detected which brought him to the conclusion which was contrary to that of the officials in his department. The Leader of the Government took my question as notice because he wanted to give an absolutely correct reply—those were his words. He is now taking another question as notice. Will we have to wait as long for an answer to the question raised today as we have had to wait for an answer to the question raised on June 27, 1985? I realize that we were in recess, but I had hoped for an answer to that important question yesterday.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not know whether my honourable friend would be interested in giving me any credit for being psychic but I have his answer here on my desk and as soon as Question Period is over and I am allowed to table delayed answers I will let him have it because we always try to deliver the goods. I would remind my honourable friend that he asked his question at the tail end of the last session, and he gets his answer on the first day that I am present. I hope that that will be counted for merit somewhere along the line.

Senator Stewart: I think that this is an admirable precedent which I hope the Leader of the Government will follow consistently in the future.

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE—GOVERNMENT POLICY

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government in the Senate. Yesterday there appeared a story in the *Gazette* dealing with the subject of bilateral trade with the United States. The story quotes the press secretary, Mr. Fox, as suggesting that the Prime Minister, Mr. Mulroney, is actively seeking, and these are his words, "a great negotiator to head the Canadian team that will discuss free trade with the United States."

This summer I was one of your representatives on a special committee of the Senate and House of Commons to look into bilateral questions of trade. There was a unanimous recommendation by members of our side and the government side, excepting members of the NDP, that there would not be negotiations but that there would be discussions and the results of those discussions would be brought back to Parliament for further deliberations.

Could the Leader of the Government in the Senate now advise us as to whether or not the unanimous recommendations of the Conservative and the Liberal Parties on this question are now being sidesteppped and that the government now intends to proceed to direct negotiations for a comprehen-

sive agreement? Are they seeking to avoid Parliament on this question?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am glad to tell my friend that the question of trade with the United States has been receiving a good deal of attention by the cabinet in the last little while. I expect that a statement will be made on this matter fairly soon although I do not have a date in mind. If this statement is structured in the way I anticipate it will be, I think most of my friend's fears will be set to rest.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have some delayed answers to questions.

STATUS OF WOMEN

SENIOR GOVERNMENT APPOINTMENTS—REPLACEMENT OF FEMALE APPOINTEES

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 30 last by the Honourable Senator Marsden regarding senior government appointments—replacement of female appointees:

(*The answer follows:*)

In conversations with Task Force staff, it was learned that efforts were made to include women on both the Private Sector Advisory Committee and on the various special Study Teams. Most of the women who were invited to participate were unable to accept. This was, in part, because invitations were made within a relatively short time before Study Teams were expected to begin work. Also, given the need for regional representation, most potential team members were required to relocate to Ottawa within a fairly short period of time. The fact that team members or their companies or organizations are expected to donate their time may also be a contributing factor.

With respect to the final seven Study Teams still to be created, the Minister has received assurances from the Hon. Deputy Prime Minister that intensive efforts are being made to ensure adequate female representation. However, to date, very few women who were invited will be able to accept. Again, apparently part of the problem is the short notice. Study Teams being set up now will be expected to work full-time through the summer and be prepared to report in the early fall. The announcement concerning the membership of the new Study Teams is to be made in the near future.

Although this matter is of great concern, it is hoped that despite the low female representation, issues of particular relevance to women will be incorporated in all aspects of the work of the Task Force. Given this Government's commitment to improving the situation of women, the Task Force will carefully consider the impact on Canadian women of all Task Force recommendations.

AGRICULTURE

SUGAR-BEET INDUSTRY—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 20 last by the Honourable Senator Olson, respecting agriculture and the sugar-beet industry—government policy.

(*The answer follows:*)

The Government has been reviewing a sugar/sweetener policy. It intends to announce a new policy in the near future that will be acceptable to farmers, processors, consumers and industrial users of sugar.

The processing of the 1984 crop will continue until the end of September. All equipment will be maintained and kept in place for potential use in 1986. Packaging and distribution of bulk sugar will continue. Bulk sugar will be shipped in from Vancouver and stored on site in the silos.

In the fall, a work sharing program will begin in order to maintain as many of their personnel as possible on payroll so they will have a full workforce available for the 1986 crop. Although they are trying to minimize the employment loss, there will be some lay-offs.

The plant in Winnipeg will be functioning normally; an estimated 24,000 acres of beets have been planted in Manitoba.

AVIATION DISASTERS

LOSS OF AIR-INDIA AIRCRAFT—TOKYO AIRPORT EXPLOSION—POSSIBLE ACTS OF TERRORISM

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 25 last by the Honourable Senator MacEachen regarding aviation disasters—loss of Air-India aircraft—Tokyo airport explosion—possible acts of terrorism.

(*The answer follows:*)

The Air India investigation is progressing systematically but there has as yet been no determination as to the cause of the crash. An Indian investigation team spent ten days in Canada in early August and all Canadian agencies cooperated fully in the visit. An Indian Commission of Inquiry is expected to begin public hearings in New Delhi in early October. Canada, along with Boeing Aircraft Co., the U.S. National Transportation Safety Board and Air India will be represented as interested parties.

There were reports in the Indian media several months ago that some Sikhs in Canada were undergoing military training and arms were being shipped to the Punjab. These allegations were investigated by the Canadian authorities, but no evidence of such activities was ever uncovered.

During the past few months, the Indian High Commission in Ottawa has, on several occasions, communicated its concern to the Department of External Affairs over possible threats from Sikh extremists. In each case, the Department of External Affairs conveyed the information to the Royal Canadian Mounted Police and the Canadian Security and Intelligence Service for appropriate action. The Government of Canada is taking the Indian government's concerns about possible terrorist activities seriously and Canadian security agencies are investigating all such reports thoroughly.

LABOUR

FAIR WAGES AND HOURS OF LABOUR ACT—GOVERNMENT ATTITUDE TOWARDS PROVISIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 26 last by the Honourable Senator Hastings, regarding labour—Fair Wages and Hours of Labour Act—Government attitude towards provisions.

(*The answer follows:*)

The United Brotherhood of Carpenters and Joiners of America has commenced proceedings in the Court of Queen's Bench of Alberta, and the Federal Court of Canada, Trial Division, as a result of a dispute involving the application of the Fair Wages and Hours of Labour Act to the Olympic Speedskating Oval Construction Project in Calgary. Therefore, it would be improper for me to make any comment on this matter in view of the fact that it is now before the courts for judicial determination.

CANADIAN WHEAT BOARD

ALLEGED ABSENCE OF MINISTER FROM ADVISORY COMMITTEE MEETINGS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 27 last by the Honourable Senator Argue, respecting alleged absence of Minister from Advisory Committee meetings—Canadian Wheat Board.

(*The answer follows:*)

The Advisory Committee to the Canadian Wheat Board was one of the first groups which the Minister met with following his appointment as Minister. He also met with the Committee on July 8, 1985 to discuss Feed Grain Policy, as part of his consultations on this subject.

The Canadian Wheat Board Act states that the Committee's function is to advise "the Board", not the Minister. Mr. Mayer has very close contact with the Canadian Wheat Board and the latter is very diligent in bringing forth the opinions of the Committee.

Mr. Mayer feels that the Committee should be allowed to deal independently with issues during their meetings and then bring their concerns to the Board's attention and, in turn, to the attention of the Minister. The Minister receives the minutes of each meeting, which he carefully considers.

The Minister feels that meetings with the Committee are valuable, and he has undertaken to meet with them when appropriate. Between meetings, the Committee can contact the Minister directly through correspondence or can provide advice through the Canadian Wheat Board.

FISHERIES AND OCEANS

DECISION OF MINISTER RE LICENCE

Hon. Duff Roblin (Leader of the Government): Honourable senators I have a delayed answer in response to a question asked in the Senate on June 27 last by the Honourable Senator Stewart respecting the decision of Minister—Licence—Fisheries.

(*The answer follows:*)

The Minister's officials reviewed the proposal by Captain Snarby for a licence transfer from the M/V Martin & Philip and a short-term charter of a foreign vessel to replace the Martin & Philip from a policy perspective. The proposal did not meet some of the requirements of the established policy and therefore Departmental officials recommended against it. Following representations from Captain Snarby, the Minister indicated that if the proposal was resubmitted and aligned as closely as possible with the short-term charter policy that it would be reviewed again. The Minister subsequently approved the licence transfer and short-term charter making the following exceptions to the policy:

Provision 1

"The policy applies to vessels permanently removed or rendered unserviceable for a period of four months or more (eg. sinking, fire)." The M/V Martin & Philip had not been fished since 1980; it was tied up in Shelburne, N.S., while under seizure by the Nova Scotia Loan Board. Reports indicated the vessel had been vandalized and its engine block possibly cracked.

Whether or not a refit for the vessel would have taken more than four months was a moot point and would have required appraisals from shipyards. Captain Snarby was given the benefit of the doubt that the refit would have taken more than four months.

Provision 4

"The chartered vessel is to be of similar catching capacity and must operate on the same fishing plan as the vessel being replaced. The catch must also be delivered to the same plant or plants as the vessel being replaced." When the M/V "Martin & Philip" actually fished it was plagued with technical difficulties. Its annual catches were low, and certainly less than what could be expected from the M/V Osprey. Some industry people have argued that the M/V Osprey has more

catching capacity than the M/V Martin & Philip. While this assessment has some validity it was made abundantly clear to Captain Snarby that there would be no support for any requests from him for more allocations of fish if more were needed to feed the greater catch capacity of the M/V Osprey. Furthermore, if Captain Snarby was able to negotiate a transfer of enterprise allocations from other offshore interests, other Canadian offshore companies must be given the first right of refusal. The latter measures were included as conditions of licence and were considered sufficient to satisfy provision 4 of the policy.

The requirement to land at the same plant was waived because a licence transfer was also involved. Moreover, most of the entreprise allocations available for the M/V Osprey were in NAFO areas 2 and 3 well north of the replaced vessel's landing port of Lockeporte, Nova Scotia.

While, approval of the charter did involve certain exemptions from the existing short-term Charter Policy the following conditions were placed on the licence: all production would be marked "Product of Canada", the vessel would be Canadian crewed: and it would have last call on temporary transfers of enterprised allocations.

CROWN CORPORATIONS DISSOLUTION AUTHORIZATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. William M. Kelly moved the second reading of Bill C-60, to authorize procurement of the dissolution of certain Crown corporations and to amend or repeal other Acts in consequence thereof.

He said: Honourable senators, I am pleased to move second reading of Bill C-60.

Having looked at the list of items discussed this afternoon from banks through tuna fish, grasshoppers, AIDS, steel companies, and back to tuna, it seems difficult to expect close attention to what I have to say about Bill C-60, but I will try to hold your attention for no more than eight or nine minutes.

Senator Flynn: It can only improve.

Senator Frith: Over what—your interventions?

Senator Flynn: Over the questions.

Senator Frith: Or the answers.

Senator Kelly: Honourable senators, the Financial Administration Act requires that parliamentary authorization must be obtained before a crown corporation may be dissolved. The purpose of the proposed Crown Corporations Dissolution Authorization Act is to seek Parliament's authorization for the shareholders of four inactive crown corporations to procure the dissolution of their respective corporations, as well as to carry out all acts or things which are incidental to the closing-out of the affairs of these four companies.

The crown corporations and the holders of the shares concerned are the Canadian National (West Indies) Steamships, Ltd., which is the responsibility of the Minister of Finance; St. Anthony Fisheries Limited, which is the responsibility of the Minister of Fisheries and Oceans and other persons holding shares in trust for Her Majesty; Societa a responsibilita limitata Immobiliare San Sebastiano, which shares are held in trust for Her Majesty; and Uranium Canada, Ltd. which is the responsibility of the Minister of Energy, Mines and Resources.

Honourable senators, in the case of Canadian National (West Indies) Steamships, Ltd., the company's mandate is "to collect monies due to it from the sale of eight steamships to Cuban interests."

Canadian National (West Indies) Steamships, Ltd. was incorporated under the Dominion Companies Act in 1927 to provide a steamship to the West Indies. The corporation has been active since 1958 when its fleet of ships was sold to the Banco Cubana of Havana. In 1959, the corporate management was transferred to federal government officials for the purpose of collecting the proceeds from the sale. An irrevocable letter of credit, issued through the Bank of America, to cover the final principal payment was not honoured due to the passing of the Cuban Assets Control Regulations by the U.S. government in July of 1963. That is coincident, I believe, with the missile crisis.

The sole purpose of maintaining the company is to collect the outstanding principal plus interest totalling approximately $900,000 as of December 31, 1984.

Canadian National (West Indies) Steamships, Ltd. is a scheduled Part I corporation with no full-time employees. It is an agent of Her Majesty. The Minister of Finance is the registered holder of all share certificates. The appropriate minister is the Minister of Transport.

The corporation will only be wound up once Transport Canada's legal counsel has completed steps to ensure that the present obligation owing to Canadian National (West Indies) Steamships, Ltd. from the sale of its steamships would become an obligation enforceable by Her Majesty. This will necessitate a written agreement from the Bank of America that it would reassign the payment of the obligation to Her Majesty if Canadian National (West Indies) Steamships, Ltd. were dissolved. I understand that is close to being completed.

In the case of St. Anthony Fisheries Limited, SAFL was established in 1982 to re-open and operate, but not own, a dormant fish-processing plant at St. Anthony, Newfoundland. It was agreed that the plant's owner, Fishery Products—now merged into Fishery Products International Limited—would market SAFL production during the 1982 season.

The plant is now owned and operated by Fishery Products International Limited, FPIL, the Newfoundland restructured company. Because FPIL has now taken over operation of the St. Anthony plant, St. Anthony Fisheries Limited is an inactive corporation. It continues to exist, however, in order to collect arrears in the amount of approximately $1.4 million from FPIL with respect to sales made on behalf of St. Antho-

ny Fisheries Limited by Fishery Products. The corporation will not be wound up until these arrears are collected. I understand that will be in about six months.

I now turn to the Societa a responsibilita limitata—SRL—Immobiliare San Sebastino—

Senator Bosa: Sebastiano.

Senator Kelly: I was hoping for a nod from Senator Bosa indicating that I was not doing too badly on pronunciation.

In 1982, the Department of External Affairs acquired SRL Immobiliare San Sebastiano as a means of purchasing the official residence of the Canadian ambassador to the Holy See in Rome, Italy.

Senator MacEachen: The minister holds the shares; it is not the department.

Senator Kelly: The residence is the sole asset of the company. It is my understanding that that corporation had the asset of the residence, and the more appropriate way to purchase was through the purchase of the company rather than the residence directly, and I believe it was a good transaction.

Senator MacEachen: We hope so.

Senator Kelly: Although I did not have much confidence in the perpetrators, it worked out all right.

Senator MacEachen: It is a company residence, and the shares were held by the minister, not by the Department of External Affairs.

Senator Doody: The minister in right of the Crown?

Senator Kelly: The share in the company.

It is now proposed to change the company into a limited partnership and, subsequently, to see the property donated to the Crown. Acceptance of the gift by Her Majesty the Queen in right of Canada must be authorized by the Government of Italy pursuant to Article 10 of the Italian Civil Code. I understand this matter is in hand.

Finally, I will deal with Uranium Canada, Ltd. which is a parent crown corporation listed in Part I of Schedule C to the Financial Administration Act. It was created in 1971 pursuant to Appropriation Act No. 1, 1971 and the Atomic Energy Control Act with a mandate to purchase $29.5 million worth of uranium concentrates on behalf of the Crown from Denison Mines Ltd. over the period 1971 to 1975.

During the period 1971 to 1980, Uranium Canada, Ltd. sold or made loans of portions of the stockpile and returned some $114 million to the Crown. During this time, however, uranium prices changed dramatically, and Canada's known reserves increased dramatically as well primarily due to the discovery of large, rich deposits in Saskatchewan. Therefore, the need for a Canadian government stockpile or government support of Canadian mines disappeared. In May 1981, the government transferred ownership of the remaining stockpile, having a book value of $96 million, to Eldorado Nuclear Ltd. and directed the Minister of Energy, Mines and Resources to wind up Uranium Canada, Ltd.

[Senator Kelly.]

However, at that time, the company was charged, along with five other uranium companies, with offences under the Combines Investigation Act. The matter was not settled until December 15, 1983, when the Supreme Court of Canada ruled that Uranium Canada, Ltd., as an agent of the Crown, was immune from the terms of the Combines Investigation Act. Uranium Canada is now dormant, having no operations, no staff and assets totalling $9. The company's affairs are conducted on an as-required basis by public service employees, and its resource requirements are minimal. There being no further use for the corporation, the Minister of Energy, Mines and Resources is requesting the authority of Parliament to dissolve it.

• (1520)

I would say, honourable senators, that, having participated in a review of crown corporations over the past year and having discovered over 400 of them, including subsidiaries, this move in the direction of tidying up is, I think, important. I urge the careful and rapid approval of this bill.

On motion of Senator Sinclair, debate adjourned.

STANDING RULES AND ORDERS

THIRD REPORT OF STANDING COMMITTEE ADOPTED

On the Order:

Resuming the debate on the consideration of the Third Report of the Standing Committee on Standing Rules and Orders, presented in the Senate on 27th June, 1985.—(*Honourable Senator Godfrey.*)

Hon. John M. Godfrey: As honourable senators are aware, a couple of years ago the House of Commons established a committee under the chairmanship of our esteemed colleague, Senator Lefebvre, which committee brought in an interesting report that was adopted by the House of Commons on a trial basis. It has been two years since those recommendations were acted upon and, from what I have heard, they have worked well. What disturbed me was that there was no suggestion from anyone in the Senate—including myself—that we should study those recommendations to consider whether we could improve upon our own procedures. With that in mind, I asked three questions of Senator Molgat on three of the recommendations contained in those reports.

The first was the recommendation that, after every speech, there be a ten-minute interchange in the form of questions, short speeches and so on. I will quote what Senator Molgat said about that recommendation when he presented the report of the committee. He said that the committee,

> —recognizing that we do not work with any kind of time allocation in any case or at any time, that our rules are extremely flexible at all times, that in reality senators control themselves, that there is no attempt to order too closely the procedures, and that in fact the system was working well, the committee's recommendation is that a change was not necessary, so the proposal was not proceeded with.

Honourable senators, I have no fundamental objection to the conclusion that our system is working reasonably well. Yet during the course of our deliberations—and I am not quite sure how much I can disclose because of their being held *in camera*—it was said several times that "if it is not broken, don't mend it." I do not agree with that. I do not think that we should wait until something is broken before we mend it. I think that we should look at everything and see whether we cannot improve matters in some way.

The committee had come to the conclusion that there was no necessity to amend our rules, since we do have an opportunity to comment upon a speech in the guise of questions. Having to remember to ask a question simply to justify the intervention appears to me, at least, to be a farce. Why should we go through this sort of artificial procedure?

Hon. Charles McElman: Would the honourable senator permit a question at this stage?

Senator Godfrey: Absolutely.

Senator McElman: Senator Godfrey has quoted briefly from the *in camera* deliberations of the committee. He quoted the phrase "if it is not broken, don't fix it," which has a different connotation from the actual comment that was made. The comment made was to the effect that, if it works, don't fix it.

Senator Godfrey: I am not quite sure, but my recollection was something to that effect, having read the transcript in the last couple of days. All right; if it works, don't fix it—but if it will work better, and that is all I am saying, why not improve the procedure?

As far as I am concerned, and I have been here 12 years, it seems superfluous that a senator should rise to ask: Would the senator accept a question? The senator always replies in the affirmative, and then we carry on. I think that that is useless verbiage. I am going to establish a new principle—I am simply going to get up and ask my question. In doing that, I do not mean to be rude, but I know that he will concede to my asking a question, and I will save a little bit of *Hansard* each time I do so. I hope other honourable senators will follow the same procedure.

The second question I put to Senator Molgat had to do with the one and a half minute speech that is provided for in the rules of the House of Commons. I asked that question at the suggestion of Senator Flynn. I happened to have mentioned to him that I was going to raise these questions and I thought that, with the sponsorship of Senator Flynn, this one might have some chance of being seriously considered. However, this question had two arguments against it. One of those arguments—and I have to say that I think it is probably the only valid argument—has to do with timing. This provision would involve our Speaker in timing these speeches and, traditionally in this chamber, we have never been timed. Any honourable senator can speak as long as he wishes to. However, had we adopted this recommendation, I do not think it would be necessary to adopt the 90 second limitation as well.

The other argument against this recommendation was that the Senate has a system which differs from that of the House of Commons; namely, that if we wish to give a speech, we give notice of an inquiry and proceed. That, however, is a cumbersome procedure. I might say that I think it would be preferable, at least on a trial basis, to do what is done in the House of Commons.

The third question that was considered was that of giving to committees the power to consider anything that comes under their purview. All of the recommendations that I have seen having to do with reform concentrate on this matter of giving to the committees more independence.

Honourable senators, as far as I am concerned, the main justification for the Senate is the committee work that it does. I really feel that we should establish a practice whereby the committees have more independence. Take, for example, the National Finance Committee, which, under the guise of considering the estimates, would investigate one department a year. That committee did not come to the Senate chamber to ask whether it could look at the Department of Manpower and Immigration or DREE—it simply went ahead and did it, and it worked. Senator Everett ingeniously thought that one out. The members of the committee discussed and decided upon which things they would take on in an investigative way. Senator Doody thought that there was something wrong with that. He took over as chairman of the subcommittee and thought that it should not proceed without a specific reference from the Senate. I must say that I prefer the way in which Senator Everett operated.

I am somewhat concerned about the public perception of the Senate. We talk a great deal about trying to improve or to reform things, but we never do anything about it. We say "So long as it is working reasonably well, okay, let's not do anything." That is what concerns me. We should be more willing to try to improve things and to try things out.

• (1530)

My final point is that the Committee on Standing Rules and Orders operates *in camera*. I am not a member of the committee, but I was present at the two meetings that considered this. I thought it had been agreed at those meetings that the report of the committee would contain the reasons as to why they were recommending turning down these three items. There was some discussion of the reasons that had been advanced and the fact that they should be included in the report. However, in the end—and I do not recall that the committee actually approved this—it was decided to substitute what Senator Molgat did, which was to report verbally rather than have it in the form of a comprehensive written report.

I believe it should be a matter of general practice that when a committee, meeting *in camera,* makes recommendations, those recommendations should be justified by reasons, which they usually are. I noticed that on the same day that Senator Molgat spoke, there was a report presented giving the reasons for the report. In my view, those reasons should be contained in the report and should be approved by the committee, and so on—because when Senator Molgat made his speech, he became a little confused, as he later admitted.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I wish to direct a question to Senator Godfrey on the third point which he has raised.

I believe this third point referred to what I would call the "freedom" of the Senate committees to deal, on their own initiative, with the issues which come under their respective areas of responsibility as defined in our rules.

So he is attacking the section of our rules which defines the areas of responsibility of the various committees under the heading "Committees".

As Chairman of the Senate committee on Social Affairs, Science and Technology, I will refer to the section dealing with this committee, on page 24 of our rules. If I understood well Senator Godfrey's intention, he is calling into question paragraph *l*) of this section. which reads as follows:

> Le comité sénatorial des affairs sociales, des sciences et de la technologie, . . . auquel sont déférés . . .

In English, the wording is even stronger.

> To which shall be referred, if there is an order of the Senate to that effect, bills, messages, petitions, inquiries, papers and other matters relating to Social Affairs, Science, and Technology generally, including:

Well, the list of matters is fairly long, it includes Veterans Affairs, Indian and Inuit Affairs, etc.

At the present time, in view of this text, the committee studies a subject only if it is referred to it, if there is an order of the Senate to that effect.

In Senator Godfrey's proposal, the committee would be under no obligation to deal with all of that. It would only have the "freedom" to do so.

[*English*]

There was only freedom to study any one of those subjects, but there was no obligation on the part of the committee; whereas there is an obligation on the part of the committee to study any question relating to those subject matters which are referred by the Senate. That is the real meaning of the proposal. The proposal is not that the committee would have any obligation to cover all those fields. It has the freedom to study any one of those subjects if it feels that there is some justification for such a study. That is the meaning of the proposal.

Senator Godfrey: The meaning of the proposal was that it was for the committee to decide, and I emphasize "the committee." The way it works now, it is usually the chairman, in cahoots with the powers-that-be, who decides what the committee should do, arranges to get a reference, and so on.

I believe the committee itself should have the power, on its own initiative, to start an investigative inquiry. The Senate should, of course, reserve the power to order the committee to commence an investigative study. We have heard about that in connection with the Canadian Commercial Bank. There are two ways of handling that: by a pre-study of any bill that is introduced, or by specific reference.

[Senator Godfrey.]

I would say that giving the committee more power would include having the members of the committee elect their own chairman, and not have the chairman selected by the powers-that-be. Members of the committee know who is the most attentive, the most knowledgeable and who would make the best chairman, and, as far as I am concerned, they are the ones who should be choosing the chairman. I know that we go through the motions of voting for a chairman, but everyone knows that the fix is in.

Senator Tremblay: The committee, such as the one I have just mentioned, would have the freedom and the power to study anything relating to those subject matters. When I look at that list, I have the feeling that that freedom, or that power, does not mean anything if, at the same time, a committee has not the means of making a sound study of those subjects—which brings us to the question of the budget and other related matters. To have the committee merely talk about those subjects, as it would be free to do, according to the honourable senator's proposal, would not mean very much if the means were not, at the same time, given to the committee. If that is the case, I suppose the committee should have to come to the Senate and ask for the means—

Senator Frith: Hear, hear.

Senator Tremblay: —to go far enough in its study; otherwise it would simply be a question of talking for talking's sake.

Senator Godfrey: We have just had a perfect example of how well our rules work, because the senator did not really ask a question then. Of course, there are certain times when a committee could look at something without its costing a cent. At one time we considered a change in the rules, which I blocked, because I did not consider that it went nearly far enough. I believe we discussed the point that if a farm organization arrived in Ottawa and the Agriculture Committee wanted to hear them, then it had the right to go ahead and hear them. It was not going to cost the committee anything. However, I blocked it because I did not think it went far enough. I thought that the matter should have been referred to the Committee on Standing Rules and Orders. I thought the chairman of the committee should consider it.

If it is going to cost anything, of course, the matter should then go before the Standing Committee on Internal Economy, Budgets and Administration—no one is arguing that point—so that there is some curb at that point.

But if a committee comes up with a good proposal, I am sure there would be no difficulty with the Internal Economy Committee. But certainly they would have to have any budget approved by that committee. I believe that the way it is proposed is the way it works in the House of Commons.

Hon. Douglas D. Everett: Honourable senators, I rise to support the proposition put forward by Senator Godfrey. Indeed, he is right that in the Standing Senate Committee on National Finance we did establish the concept of having a fairly wide ambit of freedom to examine anything we wanted to in relation to government spending or to government economic policy. That arose by virtue of the fact that the spending

estimates are referred to the finance committee for examination. Of course, the estimates range over just about every aspect of government spending and government economic policy. On that basis, once the estimates were referred to us we took it as authority to look at any part of government expenditures. Indeed, we made several major examinations that went on for more than a year and into the period of the following estimates. We would make interim reports on the estimates in order that Appropriation bills could be passed and then we would carry on with our examination of the particular department we were reviewing at the time. I believe that this system worked well.

• (1540)

It is true, as Senator Godfrey has said, that on occasion we could review aspects of spending with our own staff and within the competence of the senators sitting on committee. However, when we were looking at entire departments such as public works, we required expertise and we had to spend some money. We did not have the specific permission of this body to examine public works. We took that permission out of the reference of the estimates to the committee. When we required money, we had to go before the Internal Economy Committee and justify our proposed expenditures.

I believe that Senator Godfrey is on the right track. Committees of this body should be able to examine anything that comes within the ambit of their authority under the rules. We should encourage that sort of examination at the behest of the committee and not make it necessary for committee chairmen to come before this house and explain what they want to do. We are totally protected because where it involves expenditure of money, the committee must obtain approval for that expenditure from the Internal Economy Committee. I think the Rules Committee should re-examine this matter.

I also agree with Senator Godfrey's point that when a committee reports on meetings held *in camera* it ought to include in the report reasons as to why the committee has come to its decision. I have not read the report and I do not know whether that is the case with respect to this particular issue and the other issues raised by Senator Godfrey. I disagree with one of Senator Godfrey's recommendations, that a senator may rise and ask a question of another senator without asking permission.

Senator Godfrey: At the end of the speech. Never in the middle.

Senator Everett: I thought the honourable senator had meant at any point in the speech.

Senator Godfrey: Oh, no.

Senator Everett: Then we agree on everything.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I think it would be useful to put on the record a point arising from one of the positions taken by Senator Everett. That is the point that committees should be free to study subjects that are within their mandates in that they are controlled by the fact that they must go before the Internal Economy Committee if they require any money to carry out their studies. During the six or seven years that I have been on the Internal Economy Committee, I have found the problem to be that, if the Senate has given an order for a study or if, as in this case, the Senate permits through its rules those kinds of studies to be initiated, the Internal Economy Committee is in a very awkward position if it wants to refuse any funds requested. Committees have received references with the power to engage professional assistance, the chairman appears before the Internal Economy Committee, the matter is then referred to the subcommittee on budgets—and I am sure that Senator Barrow will support me in what I say—and the committee chairman in the final analysis has said to the subcommittee, "Look, you cannot tell me that I cannot have the money. You can talk a little about how much I am asking for, but the Senate has said that I can do this. And it is your job to provide the money." In my experience, the solution is not quite as simple as Senator Everett has described it.

Hon. Paul C. Lafond: Honourable senators, I strongly support Senator Frith in his position. It is a most delicate point which may lead to situations where the Internal Economy Committee, through its control of the purse strings, if you wish, is in a position to exercise a sort of control over the amount of work or the extent of the work that a committee may carry out under the mandate. There has been no situation, to my knowledge, where positions were taken too strongly, although we have probably come close to it in several instances. Indeed, it is a very delicate point which should be reviewed most thoroughly and spelled out as thoroughly as possible.

Senator Godfrey Of course, the same problem exists in the House of Commons.

Senator Lafond: That is no excuse.

Senator Godfrey: I know, but we can learn from their situation, and just because it is implemented in the House of Commons, it does not mean that it is wrong or bad.

Senator Frith: Or good.

Senator Godfrey: Or good, but we can learn from their experience. Even under the latest proposals, which I have not seen in writing, these committees have to defer to the Internal Economy Committee on matters of money. Probably one of the weaknesses of what I am suggesting is that the Internal Economy Committee would have a little more power than it has now. Under the present situation when a committee receives a mandate, the chairman can say, "You have to give us the money, because the Senate has told us we can go ahead."

Of course, a committee could always appeal a decision of the Internal Economy Committee to the Senate. However, I am not sure of the procedure.

In fact, a perfect example of how that rule in the House of Commons works in the Senate is that we have had a debate similar to what they formally provide for in their rules, but since we have had no questions, we have decided that we do not need it.

Senator Frith: In the House of Commons, you would not be able to speak three times in the same debate.

Senator Doody: He probably would not be able to speak once.

Hon. Gildas L. Molgat: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I must inform the Senate that if the Honourable Senator Molgat speaks now, his speech will have the effect of closing the debate.

Senator Molgat: Honourable senators, in some ways the debate we have just had is a replica of the debate we had in committee. I think it was an excellent and extremely useful debate, and I want to thank those who have participated here. With regard to Senator Godfrey's comments, there was very extensive discussion on these matters in committee. I believe he attended every one of the committee meetings although he was not a member of the committee, and he participated fully in the discussions. The vote in the committee was unanimous—

Senator Godfrey: No, on division. I was there.

Senator Molgat: But you are not a member of the committee.

Senator Godfrey: Of course, you are correct.

Senator Molgat: That does not mean that we cannot re-open that matter at some other time. I think this is an example of the flexibility and the advantage that we in the Senate have in our methods of operation. Senator Godfrey made four suggestions in his speech which he thought the committee might look at. The committee looked at all of them in depth. It accepted one of them which is now part of the recommendations made to this house. That is the recommendation that on any matter affecting provincial governments the chairman of the committee ought to contact the provincial governments and allow them the opportunity to appear, if they so wish, and make presentations before the committee. This exercise shows how easily we can amend our rules and how we can adapt to the conditions when we think it is necessary to do so.

The reason why there were no explanations given in the report is that, as you will recall, this report was presented at the very end of the session. In fact, the last meeting of the committee was held the day before the session was to end. It was felt that we should make a quick report to the Senate, and there was no opportunity to call a further meeting of the committee. Honourable senators will know that there are some timing problems in calling meetings of committees, and the suggestion was made that the steering committee ought to proceed with preparing a report and tabling it in the Senate. Therefore the steering committee agreed that the report ought to be a simple statement of the fact; that we could then have a debate in the Senate and I would explain the discussion we had had. There was no attempt to hide anything. For that matter, the transcripts of all of the meetings of the committee are available to all senators. We send the transcripts to every member of the committee and to any other member of the Senate who expresses a desire to receive them.

[Senator Godfrey.]

• (1550)

If there are any other suggestions by senators for changes in rules, the committee would be prepared to consider those suggestions. I move the adoption of the report.

Senator Godfrey: I suppose I must put my remarks in the form of a question. Is it not true that the committee did not consider my suggestion about asking the provincial authorities to appear before the committee? I understand that that was passed in the other place without being referred to our committee. What was considered was this question of an alternative to Royal Assent, but our committee did not consider my suggestion. I think the matter was put before a meeting of committee chairmen and perhaps my honourable friend is confused.

Senator Molgat: I may be wrong; I may have forgotten what transpired but I am prepared to check my record. I believe I am correct that the committee did consider the matter of provincial representation and came back with a recommendation that we not change the rules but that we accept, as a matter of principle in this house, that that be done in future and, in fact, I believe I specifically asked the Director of the Committees Branch to make sure that all committee clerks be alerted to warn their chairmen whenever they saw the possibility of such a circumstance arising. That was a decision of this Senate, as a result of a recommendation of the committee.

Motion agreed to and report adopted.

THE BUDGET

ELIMINATION OF FULL INDEXATION OF PENSION BENEFITS—IMPACT ON SENIOR CITIZENS—MOTION WITHDRAWN

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Petten:
>
> That, in view of the adverse effects on the standard of living of senior citizens resulting from the elimination of full indexation of pension benefits, it is the view of the Senate of Canada that the government should rescind this particular provision of the Budget immediately.—(*Honourable Senator Petten.*)

Hon William J. Petten: Honourable senators, I yield to Senator Frith.

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, as we can see this motion has to do with the indexation of pensions. If I understand correctly the consequences of the action taken by the Government, it has already been changed. The content of this motion has not necessarily been accepted but we agree with the action of the Government. For this reason, I ask leave to withdraw the motion.

The Hon. the Speaker *pro tempore:* Is it the pleasure of honourable senators that the motion be deemed to have been withdrawn?

Hon. Senators: Agreed.

Motion withdrawn.

[*English*]

THE SENATE

MOTION TO AUTHORIZE BROADCASTING OF PROCEEDINGS—DEBATE ADJOURNED ON MOTION IN AMENDMENT

On the Order:

Resuming the debate on the motion of the Honourable Senator Davey, seconded by the Honourable Senator Frith:

That the Senate authorize arrangements for radio and television broadcasting of its proceedings and those of its committees.—(*Honourable Senator Phillips.*)

Hon. Orville H. Phillips: Honourable senators, before the summer recess, the honourable Senator Davey presented his motion that the Senate authorize arrangements for radio and television broadcasting of its proceedings and those of its committees. He began in a rather interesting way to explain that the motion was not a whim, not an idle suggestion nor was it simply a caprice. Honourable senators, I am sure many of you would question Senator Davey's motives in moving the motion, but I do not think that anyone would go as far as to suggest that he was being capricious. In my remarks, I will disagree with him on a number of points but, at the same time, I will attempt to recognize that the honourable senator was sincere, if misguided, in moving his motion.

For the information of all honourable senators, the Senate has, for several years, provided a tape or a "feed" of the proceedings in the Senate to the press gallery. Members of the gallery are permitted to use the tape, or any portion thereof, in a news broadcast for radio or any other type of broadcast that they wish. Apparently, some honourable senators, including the sponsor of the motion, were not aware of this fact. My curiosity was aroused as a result of Senator Davey's motion and I was prompted to make inquiries concerning the use of tapes of the speeches of Senator Davey. It was rather discouraging to learn that not once in the last five years has any radio station, either public or private, utilized the tapes of Senator Davey's speeches in this chamber. Pity!

Unfortunately, my ego caused me to make inquiries concerning my own remarks and I must say, honourable senators, the results were not much more encouraging. I think that when I totalled up the amount of time I spent making inquiries, it far exceeded the amount of time that my tapes were used in news items. In short, honourable senators, neither Senator Davey nor myself received a platinum record, a gold record nor did we make the top 10 on the hit parade.

Senator Doody: Not as much as a caprice.

Senator Phillips: I thought to myself that, surely, somewhere in the Senate, there must be someone who attracted media attention. I am continually hearing how brilliant are the Leader and the Deputy Leader of the Opposition; how comprehensive their speeches. I thought that surely somewhere, someone must have utilized the tapes containing the speeches of those two honourable gentlemen.

Senator Frith: I am not rising to that fly.

Senator Phillips: Honourable senators, I found the same result; they were not popular either. Then I thought of Senator Gigantès, my honourable friend, who is well known to the media. Perhaps there would be some partisanship there and they might have utilized his speeches. Unfortunately, honourable senators, Senator Gigantès is among those who have been ignored by the media.

It is incomprehensible that speeches of that calibre are not reported and re-broadcast. It is unfortunate that the public has no great desire, apparently, to find the radio waves or the TV broadcasting of this country filled with the stirring speeches and the inspiring proceedings of this august body. They have had the opportunity for the last five years and, for some strange and unfathomable reason, the Senate has failed to replace the soap operas as the favoured afternoon program.

Senator Davey has always taken a particular interest in the media and has always attempted to influence them to present what I have so often termed the Liberal propaganda, and he has been very successful in that in the past. It is rather strange that, with all of the success he has had with the media, he has never been able to persuade a radio station to utilize the speeches of a single, solitary Liberal senator. After five years, that tells us something. Perhaps Senator Davey reverted to his expertise in the advertising field in that when a product is not selling there is immediately put on an expensive campaign. I suspect, honourable senators, that that is the real purpose of the motion; that is, Liberal senators are not selling, therefore, an expensive TV campaign is required.

• (1600)

At the end of the sponsor's remarks I questioned him concerning his lack of reference to radio broadcasts in his explanation. The reply was even more confusing than the speech. He said that including radio in the motion was an error. I suggest that the whole motion was an error, but more likely the oversight for including radio in the motion was because the honourable senator was not sufficiently interested in his motion to read it before he put it on the order paper.

Honourable senators, we have been allowing radio to carry our proceedings for five years; we would look rather ridiculous if we now re-authorized radio to do that.

Senator Davey: That is why I excluded radio from the motion.

Senator Phillips: Perhaps the honourable senator would like to amend the motion so that only television broadcasting of proceedings is left.

I have had an opportunity to read Senator Davey's remarks since I returned from the summer break. I find little in them which I can agree with, and certainly nothing to change my mind. Certainly the Senate requires a greater public impact, but, honourable senators, that greater public impact will not come about simply because there are TV cameras recording and broadcasting the proceedings; that greater impact will

come about by an improved performance by honourable senators. If honourable senators want greater impact, the Senate should sit five days a week rather than three days a week. That will draw attention to the Senate from the media.

Senator Frith: Why not sit for five days a week and have television coverage as well?

Senator Phillips: I suggest that if the Senate sits five days a week and there is a greater impact we then consider Senator Davey's motion.

Senator Frith: If the media is present that will encourage senators to attend five days a week.

Senator Doody: One never knows when the elections are going to come.

Senator Phillips: I will deal with having the cameras here and the attendance shortly, Senator Frith.

One of the reasons advanced by Senator Davey was that this was a contemporary means of communication, and that democracy demanded that we use the modern means of communication. If any honourable senator wants to broadcast a speech on television, facilities are available in the building. I am not aware that many honourable senators have used them. The Honourable Senator Bonnell years ago offered me the facilities of his television network in Prince Edward Island. I never found any great urge to rush down to the station to record speeches, even when I was incensed at the government.

Senator Frith: You are still working on your radio show.

Senator Phillips: That is right. I am still working on radio. This reminds me more of an Amos 'n Andy show than a TV production.

Another reason advanced for television coverage was the fact that television coverage has worked in the House of Commons. I disagree with that. The House of Commons has gone downhill drastically since television coverage was instituted in that chamber. Now the members forget the reason for the existence of the House of Commons and play to the television cameras.

When Parliament convened last year, the officials of the House of Commons sponsored a training program for all new MPs of all political persuasions. One would have thought they would have spent a great deal of time on parliamentary procedure, on committee procedures, but no, the most important training those MPs received was how to appear before the television cameras. That shows that television coverage has done nothing to improve the House of Commons.

Shortly, members of the House of Commons will be receiving reminders to wear poppies so that when they appear on television they will not be seen without a poppy. Because of that, they have forgotten the reason for wearing the poppy; they just remember the television camera.

If we are to have television coverage of the proceedings of the Senate, I suggest we have different rules from those in the House of Commons. In the House of Commons the camera can focus only on the individual who is speaking. It must not focus on the desk, where the notes are, and the camera must not record the empty seats around the speaker. It must concentrate solely on the upper torso of the individual speaking. When Senator Davey advocated the use of TV in the Senate, I looked over and was amazed at the number of empty seats around him.

Senator Doody: They all came back when he finished.

Senator Phillips: Naturally, and I expect attendance to improve when I have finished my remarks.

If we are going to have television coverage of the proceedings of the Senate, I suggest that we have one camera positioned where the clock is located so that it can show the complete chamber, so that it will show the Senate with all its warts, blemishes and vacant seats. Then we can attract more attention than we now do.

Senator Davey indicated that the installation of television cameras in the House of Commons cost $5 million and it costs $1 million a year to maintain. He went on to suggest that it would be within reason to expect the cost for the Senate to be half that amount. I think the honourable senator was being very conservative.

Senator Davey: I may be a lot of things, but never Conservative!

Senator Doody: That is unparliamentary.

Senator Frith: In his case it is.

Senator Phillips: He forgot that the proceedings of the committees are included in the motion and that committee proceedings in the House of Commons are not covered by television.

In fairness, honourable senators, I think we should have another camera at the Ottawa International Airport at 3 p.m. on Thursday afternoon so that we can see senators taking their flights to Montreal, Toronto and Vancouver. That will increase the cost of installation and maintenance. I hope that honourable senators will bear that in mind when considering the cost. The Whip may have to go to the airport as well to check on the attendance out there.

• (1610)

I recall that in the sponsor's remarks he attempted to explain the attitude of the Liberal opposition to Bill C-11. They were very anxious to look at the estimates when they were delaying the passage of Bill C-11. Obviously, the honourable senator has not looked at the estimates since he received them because the estimates include a figure usually in the vicinity of $25 million a year for the cost of operating the Senate. If we are going to add another $6 million to that we will increase the operating costs of the Senate by approximately 25 per cent. That is hardly practising the type of restraint that the Minister of Finance requested in his economic statement last fall.

I will shortly be moving a motion in amendment to refer this matter to the Standing Committee on Internal Economy, Budgets and Administration. I know that the money is not there at the present time. However, I have some suggestions that may provide the money. Those honourable senators who

are anxious to appear on television could donate a portion of their salary to the cost of televising the proceedings; they could donate their expense account; they could also donate their pension and then the taxpayers of Canada would not object to the $6 million expenditure.

In closing, I move, in amendment:

> That the motion be not now adopted but that the subject matter thereof be referred to the Standing Committee on Internal Economy, Budgets and Administration.

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

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

On motion of Senator Frith, debate adjourned on motion in amendment.

NATIONAL FILM BOARD

MOTION TO EXAMINE AND REPORT ON FILM ENTITLED "THE KID WHO COULDN'T MISS"—DEBATE ADJOURNED

Hon. Hartland de M. Molson, pursuant to notice of Tuesday, September 17, 1985, moved:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the activities of the National Film Board with respect to the production and distribution of the film "The Kid Who Couldn't Miss."

He said: Honourable senators, on February 7, 1984, as recorded in *Hansard* at page 188, I brought to your attention a National Film Board documentary on Billy Bishop entitled, "The Kid Who Couldn't Miss."

At that time I expressed outrage that this film was being circulated as a Canadian documentary about our most decorated legendary hero, Major William Avery Bishop, VC, CB, DSO, MC, DFC. A year and a half has passed and I am still outraged. Today I believe I have far more substantive evidence to convince this chamber that the film "The Kid Who Couldn't Miss" warrants the attention of the Standing Senate Committee on Social Affairs, Science and Technology. I understand that they may refer it to the Senate Subcommittee on Veterans Affairs.

The main issue to be considered is whether or not this film should be edited to reflect a more accurate historical look at the life of Billy Bishop. The film depicts Bishop as a liar, a cheat and a fraud who received the Victoria Cross under false pretences. I say that Billy Bishop should be considered innocent until proven otherwise. The National Film Board must substantiate its facts and prove its allegations since it has labelled this film a documentary. Incidentally, the definition of "documentary" found in the Oxford dictionary is "(of film) dealing with real happenings or circumstances, not fiction."

The National Film Board claims it has proof to back up its accusations. I, and all the supporters who want this film withdrawn, believe we have enough evidence to discount all the accusations that were made against Bishop. We will show that most of the information used for the film came from people, mostly historians, who did not know Bishop. The theme repeated is that there is no proof that Bishop did what he said. I point out that there is no proof that he did not. The records have stood unchallenged for nearly 70 years. When did we start demanding proof of innocence? Surely we can ask for proof of guilt and none has been offered. So, who is telling the truth?

In a court of law a crucial component in a court case is establishing credibility. For example, if the witness on the stand is colour blind they could hardly try to convince a jury that the defendant definitely drove a blue car. In order to render a decision, an impartial jury relies on the credibility of those who take the stand in deciding what is the truth.

More to the point, I will not attempt—and I repeat the word "not"—to question the credibility of the producer-director as a person or as a professional. I will attempt to question the credibility of the facts set out in the film and compare them to the facts that I, and countless others, have discovered in our efforts to have this film withdrawn.

Some of these supporters include many distinguished parliamentarians of different political persuasions, several military historians and experts, Legion members and veterans and even "Intrepid" himself, Sir William Stephenson who, I might add, had 27 victories in France around the same time. As well, we have the support of four of Bishop's contemporaries overseas who are now in their nineties.

I should like to read an extract from a letter in that connection because I think honourable senators will enjoy it. I quote:

> I was in the infantry during the first three years of the First War but during my 28 years in the R.F.C., the R.A.F. and the R.C.A.F, I got to know a great many pilots who served in France with Air Marshal Bishop and between the wars and during the last war met and knew personally most of the commanders who served in France during the First War. These included Marshal of the Royal Air Force, Lord Trenchard, Air Chief Marshal Lord Portal, Air Chief Marshal Sir Sholto Douglas and never did I hear anything but the most complimentary remarks about Air Marshal Bishop.

I would like honourable senators to note this last paragraph which reads:

● (1620)

> If there is anything we, surviving pilots of World War I, can do, please call upon us. I am afraid you will have to move quickly as we are all in our nineties and time is running out.

I have several indisputably credible witnesses willing to appear before our committee, and I have a mass of evidence which I am not going to tire you with here. Amongst this evidence are letters from historians and others who have carried out enormous research and have spoken to people who really know their subject. One of these is a man who has spent

some 20 years researching World War I air aces. He has interviewed over 400 pilots and observers, talked by telephone to another 170, has copies of 58 diaries and 74 privately printed biographies, 6,000 photographs, hundreds of letters, 300 flying log books and copies of squadron records and combat reports.

Another is a veteran who has examined records in England, France and Germany and spoken with a large number of people properly involved. Others are authors or well known members of the media.

Honourable senators, it is not just a matter of "hero-bashing," though we Canadians are notorious for it; it is disgraceful in itself to destroy a hero's legend. However, I must admit that that would not be enough reason to demand that the film be withdrawn. However, if, as in a court of law, credibility is the key to arriving at a verdict, then I ask you to consider the difference between the facts stated in the film and the actual facts found in military records.

Just for starters, at the very beginning of the film, it was stated, and I quote:

> On Christmas Day, 1914, the opposing forces crossed the trenches and joined each other for a smoke, exchanged gifts, then they came back to killing each other. It is during this period that Bishop finds himself and his horse mixed in the awful French muck—

In actual fact, Bishop did not go to France at all during his time in the army.

This point, in itself, is insignificant, but, combined with the whole story which contains so much misinformation and so many inaccuracies, the credibility of the film has to be seriously questioned. The Manitoba Branch of the Royal Military College Club of Canada prepared a critique of the film and listed 34 such discrepancies of fact—that is, what the film stated and what happened historically, according to military records.

Although I would be very eager to read to you all those 34 discrepancies, with the evidence that has been accumulated, I will not take up honourable senators' time in that way. I have copies of the critique for those who are interested.

On the issue of credibility, the film, selectively, chooses its facts and mixes them with fiction to advance its theme. I quote François Macerola, the Government Film Commissioner of the National Film Board, who said:

> The filmmaker . . . did indeed take liberties with the chronology of events in telling Bishop's story, but it must be understood that the film has a substantial fictional element and that dramatic devices are used—including many scenes from the Billy Bishop play.

In a moment, I will deal with this quote with reference to a documentary.

The most glaring example of the film's credibility is the way in which Bishop's mechanic, Walter Bourne, is presented. In the film, Mr. Bourne is the key figure in discrediting Billy Bishop's claims, "proving," as they said, that Bishop lied and was mistakenly presented with the Victoria Cross. In actual fact, the dialogue scripted for the actor who portrayed Mr. Bourne consisted of hearsay and selective facts accumulated from various sources. There is no evidence that the real Mr. Bourne ever made the statements attributed to him. In fact, Billy Bishop's son, Arthur, who wrote about his father's life in a book called *The Courage of the Early Morning*, wrote the following:

> Bourne as usual turned his attention to the plane as soon as he saw Bishop was unhurt. He took in the innumerable holes and slashes in the wings, fuselage, and tail and uttered an incredulous whistle. "Beats me how the thing stayed in one piece, Sir."

Walter Bourne was so fond of Billy Bishop that, in 1942, when Bishop was critically ill, he wrote:

> Get well soon, Sir. Train us men and we will beat them as we did in the old days. Here is good luck—I am enclosing something which has travelled with me all these years. Remember the time your gun jammed (April 30, 1917 in the attack against the Gothas) and you had to get away. Well, Sir, here is the bullet that might have ended your career. You can see the mark on it where I gripped it in the vice to get it free.

I will comment that it is hard to believe that that is the man who says that Bishop was a liar.

The film, "The Kid Who Couldn't Miss," is being circulated by the Canadian government as a documentary. Strangely enough, at the same time, the National Film Board and the Ministry of Communications, which is ultimately responsible for the National Film Board, are trying to claim that it is not a documentary. However, consider these points:

> 1. The film was shown at a Canadian embassy party in Washington to celebrate Canadian documentary films.
>
> 2. In a letter signed by the former Minister of Communications, he states that the "film is not a documentary as such, rather more of a film essay—". In the same letter, he goes on to boast that the film "—was recognized further as the best documentary of its kind at the Nineteenth Chicago Film Festival and won the prestigious Silver Hugo Award;" and
>
> 3. The film was selected by the Academy of Motion Picture Arts and Sciences as part of their outstanding documentary series in October 1984 in Hollywood.

I do not know how one can marry those statements.

Since so many critical facts in the film have been discounted by meticulous researchers and historians, by what stretch of the imagination can the National Film Board distribute the film as a documentary? It is obvious that a film distributed by the National Film Board of Canada would carry with it the authority of the government. Within the country, it is one thing; in foreign lands, it is extremely important. Frankly, I think it is dishonest.

As I stated earlier, it is shameful that the Canadian government endorses and circulates a documentary that harms our

national image. Equally distressing is the fact that $400,000 of taxpayers' money was spent on the destruction of a hero's credibility without proof or even accurate information.

If the facts as presented in the film were substantiated, then no matter how much it distressed my colleagues and me to have our hero cut down, or if, to quote the editor of the U. S. *News and World Report,* "The NFB tore Bishop to shreds more effectively than any German Fokker," we would have to accept the facts and live with the shattered image of Billy Bishop.

However, in this case, it is unacceptable that Bishop's reputation be destroyed by a film director's poetic licence to shape the truth to fit the story he is relating. The National Film Board, as I quoted earlier, said that the film has a "substantial fictional element," and, certainly, the scenes taken from the play, *Billy Bishop Goes to War,* were fictional. Speaking of fiction, some of the supposed war shots in the film were identified by several U.S. television editors as Hollywood. A Soviet film-maker recognized a famous scene from a World War II Russian movie of Stalingrad under siege. That scene is from another war—there is absolutely no justification for calling this film a documentary.

• (1630)

One of many questions which comes to mind is: Who would be the first people to question the validity of an event which discredited them and represented a defeat? Obviously, those most concerned would be the German veteran flyers. Why did they accept and honour Bishop after the First World War if they thought he was a fake?

Honourable senators, this is not a political matter. In fact, there is no such element in it. I am not merely running to the defence of a friend, though Billy Bishop was a friend of mine years ago. I want to have this film thoroughly examined because I believe it is doing a disservice to our country, and if there is one place where the reputation and well-being of the country should be protected, it is in Parliament.

An Hon. Senator: Hear, hear!

Senator Molson: I have tried to explain the serious objections to this vehicle of character assassination and have tried to understand the ambition of its producer, who said he was "merely trying to suggest that generals who run wars have to create heroes in order to sell those wars to the public."

One may ask why someone would produce a film like this. The answer is simple and normal: A young man trying to make a reputation can do so easily if he attacks a sacred cow or, at least, something that is well known or admired. This desire for recognition certainly explains the attack on Bishop.

War should be condemned always, but many of us who have seen war are better informed than a producer who has not seen any of its horrors or implications. It might be reasonable to suggest that he has done Canada a disservice. There are many who could paint the whole hideous face of war without resorting to fabrication, deceit, or the destruction of anyone, hero or other, who offered his life for his fellow Canadians.

Honourable senators, I move the adoption of this motion.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I think the comments just made by Senator Molson to explain the purpose of his motion were such that I hardly need elaborate further on its substance. We are all aware that the motion and the subject it concerns raises some extremely delicate questions, some of which Senator Molson already mentioned, and there are others as well.

I wonder whether at this stage, it would not be appropriate to adopt the Senator's motion for referral to the Committee on Social Affairs, Science and Technology, for appropriate consideration in committee or more appropriately, as the Senator said himself, for consideration by the sub-committee of the Committee on Social Affairs, Science and Technology, responsible for examining matters relating to veterans' affairs.

Once the issues have been examined in greater detail, at that stage honourable senators would be able to explore the avenues suggested by the senator and to consider the substance of the matter.

Before getting involved in a debate on the substance of the motion, I would be quite willing to suggest that the Senate decide forthwith on the referral to committee, unless other senators are reluctant to intervene immediately in the debate on what we could call, more or less accurately, the National Film Board affair, as described by our colleague.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, regarding the point raised by Senator Tremblay, I understand what he means and I could follow his line of reasoning. I support the suggestion that we should not get into a debate on the substance of the matter, or as to whether or not the facts prove that the film was wrong.

However, I wonder whether it would be a good idea to keep this matter on the agenda for two or three days, and to consider only whether it is appropriate to refer the matter to committee. Personally, considering the points made by Senator Molson, I think it is a good idea. At the same time, we would be creating a precedent in taking a matter of this kind under advisement and referring the matter to committee.

Perhaps other senators might wish to contribute to the debate, just on this question. I agree it is a waste of time to get involved in a full debate on the subject of the film itself, and then to start considering the same subject again in committee.

The Hon. the Speaker *pro tempore:* I think that at this stage, we should give senators who want to take part in the general debate on the main motion a chance to do so. At the end of the debate, Senator Tremblay could present a motion in writing to refer the subject to the appropriate Senate committee.

[*English*]

Hon. Raymond J. Perrault: Honourable senators, I support this commendable and constructive initiative of Senator Molson. While the National Film Board has achieved many notable successes in its history, the Billy Bishop "production"

does not constitute, in my view, one of its shining and glorious moments.

I agree with the honourable senator that the Billy Bishop feature is replete with numerous errors. The incredible thing is that apparently this film is being distributed around the world. Some of our friends and allies must assume that we are a nation of masochists. Nations ordinarily speak about their heroes and heroines and their achievements in glowing terms. The fact that we can convene meetings under consular and ambassadorial auspices for foreign audiences to view a film which has as its aim the discrediting of a great Canadian hero is almost unbelievable. I can think of no other instance in the history of film-making where any entity, much less a government sponsored film-making body, appears to have made a conscious and deliberate attempt to defame and discredit one of this nation's authentic heroes. Quite the opposite practice is followed in the United States. Efforts are not made to discredit Billy Mitchell or Eddy Rickenbacker, the two great American flying heroes. Indeed, as the years go by, their reputations and memories have been enhanced further and further, to the point where they have achieved the status of superheroes.

In this case, the savaging of Billy Bishop's career and of the man himself has taken place well after his interment. The vultures have flapped down upon him well after his death and years after many of the people with whom he served and fought have been buried. I suspect that, had he been alive when these charges were made, his critics would have been shot down in flames—figuratively, at least—in just a few moments and after a very brief battle. Billy Bishop's reputation would have been enhanced.

I support and second this initiative because I believe it is only in committee that the facts can be brought out as they should be and that full opportunity can be given to those people who have expertise on the subject to be heard. I hope that other honourable senators on both sides of the chamber will support this motion.

Hon. Senators: Hear, hear!

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, we on this side of the house certainly support the motion. I would like to see it dealt with as quickly as possible. This has almost been a crusade that Senator Molson has taken upon himself—and laudably so. I am sure that all of us are proud of the work he has done in this area, and I believe that the more quickly we get it dealt with, the better for the country as a whole, and for the Senate and its reputation outside. There may be some merit in having it debated in this chamber, but at this point I fail to see it. If anyone wishes to participate in the discussions, in the cross-examination of witnesses or in the examination of material, he can do so more effectively in committee. I would be inclined to agree with Senator Tremblay and Senator Molson that we should perhaps refer it to the committee as quickly as possible and have it dealt with there.

• (1640)

Senator Frith: Honourable senators, in a sense there is a point of order as to what we should do with it.

Senator Doody: I thought that is what you had suggested we should do.

Senator Frith: Yes. I believe we should not try to debate here the issue itself. However, I believe we should allow another day or so to give senators an opportunity to consider the principle of whether it is a good idea for the Senate to deal with matters of this kind. I am of the view at this moment that it is, in this case; but I would like to have the opportunity to outline why I think it is a good idea and why I do not believe that it amounts to censorship or anything of that kind. Therefore I would like to adjourn the debate and speak to it tomorrow.

Senator Molson: Honourable senators, perhaps I might add a few words that I meant to say earlier. I have a copy of the video-tape of the film, if at some time senators would like to know what the fuss is all about. I am not certain how long I can keep it, but possibly I could keep it for a week or two. It is available, if there is any decision on the part of this chamber that the film should be viewed.

Senator Frith: Honourable senators, on that point, I wish to make it clear that I believe that is something for the committee to decide. I do not need to raise questions on whether or not Senator Molson is correct. I merely wish to take the time to think through why I believe we would not be open to accusations of trying to get involved in censorship or making ourselves into a board of censors. I want to have the opportunity to get that on the record. That is why I seek the support of honourable senators to adjourn the debate, and I will speak to it tomorrow.

The Hon. the Speaker *pro tempore:* It is moved by Senator Frith, seconded by Senator Perrault, that further debate on the motion be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Hon. Douglas D. Everett: No. I wish to make it clear that I have said "no" because I am of the view that the debate should not be continued. The question should be put now.

The Hon. the Speaker *pro tempore:* The Senate has already accepted the motion to adjourn the debate, on division.

On motion of Senator Frith, debate adjourned, on division.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, September 19, 1985

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

Prayers.

[*Translation*]

END OF DECADE WOMEN'S CONFERENCE

MEETING HELD AT NAIROBI, KENYA—NOTICE OF INQUIRY

Hon. Paul D. David: Honourable senators, I give notice that on Tuesday next, September 24, 1985, I will call the attention of the Senate to the world conference called to examine and assess the results of the United Nations decade for women, that was held in Nairobi, Kenya, from July 15 to 27 last.

[*English*]

BANKING, TRADE AND COMMERCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTINGS OF THE SENATE

Hon. Lowell Murray: Honourable senators, I give notice that, on Tuesday next, September 24, 1985, I will move:

> That the Standing Senate Committee on Banking, Trade and Commerce, which was authorized by the Senate on June 25, 1985 to study and report upon the documents entitled "The Regulation of Canadian Financial Insititutions: Proposals for Discussion" and "Final Report of the Working Committee on the Canada Deposit Insurance Corporation (CDIC)," have power to sit at 3.30 o'clock in the afternoon on Wednesdays and at 3 o'clock in the afternoon on Thursdays for the duration of the above-mentioned study, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Joan Neiman: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such legislation and other matters referred to it.

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

Hon. Senators: Agreed.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, we have no objection to Senator Neiman's motion. Indeed, we are all aware of the necessity for that committee to be in a position to hire expert help when it is necessary. We all know that the Legal and Constitutional Affairs Committee has a rather hectic work load, particularly on the legislative side and that, of course, the hiring of expert staff from time to time is necessary.

I would point out to honourable senators that there is a caveat, and it relates to the monetary or financial constraints of the Senate at this particular time. The Internal Economy Committee has been wrestling with the funding requests of various committees. We are doing our best to keep up, considering the limited funds available. Certainly, we will give Senator Neiman's committee the same sincere consideration as we are trying to give to the other requests.

I have taken it upon myself to speak on this matter, even though I am not the chairman or deputy chairman of the Internal Economy Committee. However, I have been a member for some time.

Motion agreed to.

[*Translation*]

POST-SECONDARY EDUCATION

NOTICE OF MOTION TO AUTHORIZE NATIONAL FINANCE COMMITTEE TO STUDY GOVERNMENT ACTIVITIES ON POST-SECONDARY EDUCATION AND TRAINING

Hon. Fernard-E Leblanc: Honourable senators, I give notice that on Tuesday next, September 24, 1985, I will move:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the activities of the Government of Canada in its financial commitment to the support of post-secondary education and training;
>
> That the Committee have power to engage the services of such professional, clerical and other personnel as may be necessary for the purpose of the said examination.

[*English*]

ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, September 24, 1985 at 2 o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

BANKING

COLLAPSE OF CANADIAN COMMERICAL BANK—OFFER OF CHARTERED BANKS TO ASSIST IN EXAMINATION OF LOAN PORTFOLIO

Hon. John M. Godfrey: Honourable senators, I have a question for the Leader of the Government in the Senate, following upon the question I asked yesterday. You will recall that at that time I told the Senate that I had been informed that the Toronto-Dominion Bank had offered the services of 40 inspectors in connection with the affairs of the Canadian Commercial Bank, and I asked at that time, if that was true, why that offer had not been accepted.

Since then, my attention has been drawn to a transcript of the proceedings of the House of Commons committee dealing with this matter and, to clarify, I will read part of this transcript. Mr. Mulholland, who is the chairman of the Bank of Montreal, was giving evidence and he said:

> Most of the banks urged a complete examination rather than a partial one, and a complete examination of the entire loan portfolio of the bank.

Later on, he said:

> And offered personnel to assist in doing that, as we did, and we actually provided some personnel on the weekend, as I think all of the chartered banks did who would be under the direction of the Inspector General, not ourselves, and would of course take the necessary secrecy oaths and everything else, to provide the manpower to provide extra examination of the quality of the loan portfolio.

Later on, in answer to a question as to how long this would have taken, he said:

> You probably would have a pretty good idea in about three days.

In view of that information, my question now to the Leader of the Government in the Senate is: Why did the government not accept the offer of these personnel, even though it might have resulted in a delay of three days?

Hon. Duff Roblin (Leader of the Government): I thank my honourable friend for enlarging on his original question. I must admit I have not yet had time to read the transcript. I think, however, that that would be a very suitable question to raise with the people concerned when the committee meets, as it will shortly, to go into this whole matter.

CANADIAN COMMERCIAL BANK—MEMORANDUM OF INTENT—REQUEST FOR INFORMATION

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I understand from yesterday's proceedings the position that the Leader of the Government has taken with respect to questions relating to the Canadian Commercial Bank. I understand that there is a committee on the other side studying the question, but, of course, as he has acknowledged, there is nothing we can do to have any standing over there. All we can do is go and sit and listen, like everyone else.

However, the Leader of the Government has indicated that he was taking under advisement the question of having a study of this matter made by a Senate committee. Therefore, as we stand today, I cannot participate in the House of Commons committee and we do not yet have a committee here, so I have a series of questions that I want to put on the record relating to the Canadian Commercial Bank, and arising out of the original bill and the memorandum of intent.

• (1410)

I do not believe that the Leader of the Government will have answers to any of these questions now, so I will put the questions on the record so that he may have an opportunity to consider them. If it turns out that a Senate committee is going to examine this subject, these questions may very well be referred to that committee.

Honourable senators will recall that Bill C-37 was very prospective. It was a very short bill and was fleshed out by the Memorandum of Intent that had been tabled in the House of Commons.

I am not referring to the bail-out bill itself, or any bill in the offing, but to the Memorandum of Intent. The introduction of that memorandum dealt with the support group.

Paragraph I of the Memorandum of Intent states:

> As soon as reasonably practicable, the Support Group shall purchase and CCB shall sell certificates evidencing the participation of the Support Group in a portfolio of assets comprising loans and related security having a nominal value of approximately $544,000,000 on the books of CCB. These assets will be identified in schedules to be prepared in connection with the Participation Agreement hereinafter referred to.

I now ask for those schedules.

Although I can determine this partly if I receive the schedules, I should like to have a relationship to the portfolio of assets that are in the schedules that, we hope, were prepared as a result of the agreement, and any of the assets that were allegedly transferred to the United States subsidiary of the bank in California.

The second paragraph of the Memorandum of Intent refers to the price that is to be paid by the support group. As honourable senators may recall, the support group consisted of Canada, Alberta, the CDIC, the Royal Bank of Canada, the Canadian Imperial Bank of Commerce, the Bank of Montreal, the Toronto-Dominion Bank, the Bank of Nova Scotia and the National Bank of Canada. They all shared in varying degrees, with the CDIC heading the list with $75 million, Canada and Alberta coming second with $60 million.

The share of the support group—of the $544 million—was to be $255 million. I should like to know what relationship, if

any, there is between the retaining share of the bank—that is, $289 million—and any assets transferred to the subsidiary in California.

The third paragraph deals with participation certificates. As I said, those were prospective, as was the bill and agreement. I should like to know whether the participation certificates were issued, and if so, whether we can have a sample of them. I should like to know the ranking of the persons who had participated, which is very important to the inquiry. I should like to know what the status of the undivided interest is in the assets—that is, the undivided assets that were to result from the issuance of those participation certificates.

The schedule to the participation agreement is found at the top of page 3. That also refers to the CCB portion.

The fourth paragraph states:

> The Inspector General of Banks will designate two persons, with the concurrence of the members of the Support Group who shall act as representatives of the Inspector General. CCB will co-operate fully with these representatives—

and so forth.

My questions are: Were those representatives appointed? Who were they? Did they make reports pursuant to paragraph 4 of the Memorandum of Intent? And, if so, may we see copies of those reports?

Paragraph 5 deals with what effect receipts with respect to payment on any of the assets in the portfolio will have. My question, very simply, is: Were any payments made on the loans which made up the Support Group portion of the portfolio?

The sixth paragraph deals with payments on account of loan losses. This is treated quite differently. It provides that the CCB shall pay annually, but in quarterly instalments, to each member of the support group other than the CDIC, in proportion to the participation of such member, an amount such that the total of the amounts paid to such members is equal to 50 per cent of the income of CCB before provision for income taxes. I suspect that no such payments for loan losses were made, but there is provision for quarterly payments, and I think we should know about that.

Paragraph 7 deals with dividends and discusses the question of priority. It stipulates that there shall be no payment of dividends and no redemption or purchase of any common or preferred shares until such time as CCB has paid to the Support Group the full amounts paid to them for their participation certificates. Were any steps taken under that paragraph? I suspect the answer will be no, because it would have been improper if there had been.

Paragraph 8 deals with share warrants. Were the share warrants issued? There is a provision that the authorized capital of CCB was to be altered in order to give effect to the first part of paragraph 8, which dealt with the proportion of share warrants which were to be issued at 25 cents, and to the fact that the rights under the warrants were to last ten years past the date of full repayment. Were those warrants issued and was the authorized capital altered in accordance with the provisions of that paragraph?

Paragraph 9 deals with income tax treatment. I asked the minister about the special treatment the bank was going to get with regard to writing off losses. They were to be the judges of whether they were within the reasonable requirements of the bank, and the minister gave an answer to that. If necessary, that can be pursued. I am not asking for anything under paragraph 9.

Under paragraph 10, it is a condition of this memorandum that the Inspector General of Banks shall have delivered a letter to the Support Group confirming his opinion that, upon receipt by CCB of the purchase price for the participation certificates, CCB will be solvent. That is a condition precedent. I should like to know if that letter of opinion, which is a condition precedent to the memorandum, was, in fact, delivered and if we can have a copy.

Paragraph 11 is, again, a condition precedent and a question of priorities and deals with the Support Group—that is, the taxpayers we represent. That paragraph states:

> The undertakings of the Support Group herein to purchase Participation Certificates shall be subject to the condition that all holders of bank debentures of CCB shall first have agreed in writing to waive or forgo all payments of principal and interest on their debentures until such time as the members of the Support Group have received from CCB an amount of money equal to the full amount paid by them for Participation Certificates. For this purpose the debenture holders shall enter into an instrument of subordination with the members of the Support Group in form and content acceptable to the members of the Support Group.

There have been some conflicting—to me, in any event—items on the news about the position of debenture holders regarding what position they took and how they end up in terms of priority. Therefore, I am asking: Were those agreements signed; was the undertaking given; and was the instrument of subordination by the debenture holders and others in fact signed? There was also the necessity of passing a resolution approving those agreements, and we should have that resolution if it did take place. That also comes under paragraph 11.

I am sure honourable senators understand that all of these matters I am asking about the government did not know about at the time we passed the bill. The government predicted that certain things would happen, and I am now asking whether they did.

● (1420)

As is outlined on page 8, the participation agreement was to include provisions relating to the administration of the portfolio by the CCB, the reporting by the CCB to the Support Group with respect to the portfolio, the giving of directions by the Support Group to the CCB with respect to the administration of the portfolio, full disclosure by the CCB, further assurances by the CCB and like matters.

My question is: Did the participation agreement include provisions relating to the administration of the portfolio by the CCB? Were there reports made by the CCB to the Support Group? If so, can we see them? Were there any directions given by the Support Group to the CCB with respect to the administration of the portfolio? If so, can we see them?

Also outlined on page 8 is a paragraph relating to indemnification, which does deal with the question of insolvency. It is the only paragraph in the Memorandum of Intent that actually refers to the possibility of the insolvency that eventually did develop. In that clause is mentioned section 277 of the Bank Act, which is the first section in Part XI of the act dealing with insolvency. It is stated in the Memorandum of Intent that, in the event of insolvency or the winding up of the CCB, any amount remaining unpaid shall constitute indebtedness of the CCB to the members of the Support Group. There is no question but that it does constitute indebtedness. I would like to know what position the government is taking on the ranking of that indebtedness with reference to other indebtedness on the insolvency.

The final paragraph in the Memorandum of Intent deals with the choice of law, which does not give rise to any questions.

Dealing with the bill itself, I draw to the attention of the Leader of the Government subclause 2(2):

> (2) The Minister of State (Finance) may, for the purpose of carrying out the terms of an agreeement entered into under subsection (1),
>
> (a) acquire, hold or dispose of participation certificates in a portfolio of assets of the Canadian Commercial Bank comprising loans and securities relating thereto;—

Was there any such acquisition?

> (b) acquire, hold or dispose of transferable rights or warrants to purchase common shares of the Canadian Commercial Bank;—

Did the minister, on behalf of Canada, make any such acquisitions?

> (c) acquire, hold or dispose of bank debentures issued by the Canadian Commercial Bank;—

Again, was there any such acquisition?

> (d) enter into any agreement or arrangement necessary or incidental to any activity referred to in paragraph (a), (b) or (c) or enter into any agreement or arrangement in order to comply with conditions set out in the Memorandum of Intent referred to in subsection (1).

My final request for information is this: What agreements were entered into in accordance with the provisions of the Memorandum of Intent? Were there any other agreements entered into under subclause 2.(2)(b)? If so, may we see them?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I thank my friend for informing me in advance that he had a series of questions. Indeed, he has a series of questions. He obviously has been doing his homework. I have to tell him, though, as I think he himself intimated, that these are really not the type of questions that can be answered in an oral question period. He is correct in that assumption. I think it would be best for me to accept those questions as an order for return. That would be the appropriate way to deal with them. My only caveat is that, in some of the agreements in the bill, there may have been undertakings given to third parties that involve confidentiality. I have no means of knowing that at the present time. I hope there are none because I would like to give as complete an answer as I can to my honourable friend.

COLLAPSE OF CANADIAN COMMERCIAL BANK—ROLE OF INDEPENDENT AUDITORS

Hon. Ian Sinclair: Honourable senators, my question is for the Leader of the Government in the Senate. In view of the great deal of interest that has been expressed about the problems of the CCB, could he inform this chamber whether the provisions of the Bank Act with regard to the interrelations between the Inspector General and the independent auditors of the bank were discussed? What took place? Did the independent auditors undertake any work for the Inspector General in accordance with the provisions of the Bank Act? I am not asking for their reports. I am asking whether there was any work undertaken by the independent auditors on behalf of the Inspector General.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will have to ask my honourable friend to keep those questions in his brief, because I fully expect that he will be able to ask them during the committee hearing. I have to tell him that, frankly, I do not know the answers. I believe the committee is the place to find them.

Senator Sinclair: Am I correct that it is the duty of the government to maintain an efficient and effective civil service? Is that a correct assumption?

Senator Roblin: Honourable senators, from my honourable friend's long experience in both public and private affairs, I am sure he understands well the duties of management.

Senator Sinclair: In view of the fact that the Leader of the Government does agree that it is their duty, I wonder if he can assist honourable senators by telling us and the public whether one group of civil servants are more to be followed than another. If one is an inspector of banks, does one receive more credence than if one were an inspector of fish?

Senator Roblin: Honourable senators, all I can say is that I am very glad that I am neither an inspector of fish nor an inspector of banks.

FISHERIES AND OCEANS

CANNED TUNA UNFIT FOR HUMAN CONSUMPTION—SUGGESTED METHOD OF DISPOSAL

Hon. Philippe Deane Gigantès: Honourable senators, I have two unrelated questions to address to the Leader of the

Government. One deals with that particular person who suggested that the rotten fish, unfit for human consumption, should be sent to Ethiopia. Could the Leader of the Government, without identifying that person to us, assign him to Mr. David MacDonald, a civilized and decent man, who refused the rotten tuna, but who might nevertheless accept the rotten public official and instil some Christian charity in him? That is my question, sir.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not believe I am called upon to answer a question of that nature. Let me have the honourable senator's second question.

LAW REFORM COMMISSION

TREATMENT OF BIGAMY AND POLYGAMY

Hon. Philippe Deane Gigantès: My question is less solemn than the previous one but perhaps quite worrying.

[*Translation*]

The Committee on Law Reform has just recommended that bigamy remain an offence under the Criminal Code, but not polygamy.

It seems illogical to me that it should be illegal to have two wives, but legal to have three or more.

I would like to speak on behalf of my female colleagues here in the Senate—

Senator LeBlanc: It costs too much!

Senator Gigantès: But three will cost still more. So they say it is legal to have three wives.

They allow polygamy, which means a man can have many wives. I have the dictionary, in case you have any doubt. On the other hand, they do not mention polyandry, which allows a woman to have many husbands at the same time.

I consider that a sexist position. Would the Leader of the Government kindly ask the Minister of Justice that he request a private conversation with Members of the Committee on Law Reform to explain all those things to them.

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am interested to know that my honourable friend appears to be on the verge of recommending polyandry. I am not sure whether or not that was his intention, but I gather that to be the drift of his question.

If the honourable senator has any comments he would like to make to the Law Reform Commission, there is nothing to prevent him, as a member of the Senate, from addressing those profound matters to that body directly.

Senator Gigantès: The Leader of the Government knows well that there are many of us here who unfortunately might not be able to perform all the duties necessary in a monogamous or, indeed, monandrous marriage and might therefore suggest polyandry out of the kindess of our hearts.

• (1430)

CONSUMER AND CORPORATE AFFAIRS

COMBINES AND TRUST COMPANIES LEGISLATION

Hon. Stanley Haidasz: Honourable senators, I have a question for the Leader of the Government. In view of the increasing trend in Canada toward mergers and acquisitions of major corporations, including publicly funded corporations, companies and even financial institutions such as Canada Trustco, which is worrying a lot of economists because of possible harm to the Canadian economy, will the federal government bring in, without delay, a new combines act, or amendments to the present one, and a new trust companies act?

Hon. Duff Roblin (Leader of the Government): I have to report to my honourable friend that ever since I first entered this chamber, a combines act has been on the verge of being enacted by Parliament. Yet, after seven or eight years—I believe it is seven years—sometimes it seems a little shorter than that—no such legislation has been passed by Parliament. However, that does not mean that it will not happen. I can tell my honourable friend that my colleague, the minister who has responsibility for such matters, has been working on a new version of combines legislation and that it will be forthcoming. It is awaiting its place in the legislative queue at the present time. I hope we will receive it within a reasonable timeframe.

The matter of trust companies is now under consideration by the Standing Senate Committee on Banking, Trade and Commerce. It is considering the whole question of trust companies and I rather fancy that my honourable friend's point is included in what the committee is looking into. If he would be so kind as to check with that committee, perhaps he will receive further information on the matter.

BANKING

COLLAPSE OF CANADIAN COMMERCIAL BANK—ALLEGED EXISTENCE OF DOCUMENT INDICATING DIFFICULTY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have one or two questions for the Leader of the Government in the Senate which, I trust, are of a sufficiently general nature that he will not assign their answering to a committee that is to meet at some indeterminate time in the future. We have been told by members of the government that a request had been made to the Federal Reserve Board in the United States seeking a copy of a document which, allegedly, gave the first signal of difficulty in the Canadian Commercial Bank and that the document had not been forthcoming. Today we read that the Federal Reserve Board is reported to have said that no request had been made but that if such a request were made the document would be available. I wonder if the Leader of the Government can throw some light on what appears to be conflicting information on that matter.

Hon. Duff Roblin (Leader of the Government): I shall astonish my honourable friend by giving him a concise and precise answer.

Senator Perrault: Hear, hear!

Senator Frith: Brace yourselves!

Senator Roblin: The fact is that the original inquiry did not reach the appropriate levels of the Federal Reserve Board. It was made by telephone, and at that time the official contacted declined to release the document. When the Minister of State (Finance) received that information she told her colleague, the Secretary of State, that the document was important and that she wished he would take it up with the officials who had the power to review this decision. That was done. So I believe that the answer is: I am glad to say that the document will be forthcoming.

COLLAPSE OF CANADIAN COMMERCIAL BANK—PRIORITY OF CREDITORS

Hon. Allan J. MacEachen (Leader of the Opposition): I thank the Leader of the Government for that clarification. Would he now attempt to help me on another point with respect to another conflicting situation that has arisen, in the first case, from information provided in Canada and, in the second case, from information provided in California.

We have been told by the government that the Bank of Canada would have first access or first call on liquidated assets of the Canadian Commercial Bank. Now it is reported that the California authorities take the view that the California creditors have first call. Can the Leader of the Government throw any light on that particular problem?

Hon. Duff Roblin (Leader of the Government): Of course, the world is full of rumours and stories these days that are either true, partially true, quite untrue, substantiated or unsubstantiated. There is even a report that the allegations made by the Honourable the Leader of the Opposition in the other place are without foundation. Who would ever have thought to see that?

Senator Flynn: That's not news.

Senator Perrault: Yellow journalism.

Senator Roblin: Apparently, there are some newspaper people who think that that is the case. It has to do precisely with this question of what happened to the assets of the CCB in the United States. The information given in the press report, for which I take no responsiblity whatsoever, is that the allegations made, that large sums of money were transferred there in an allegedly improper way, are quite incorrect. I do not know if that is the case. I can just tell my honourable friend that these rumours are circulating, and that's why it is so unsatisfactory for me to try to get specific answers in cases where the full information is simply not available to me. Again, I am sure that this matter will be clarified in the next day or two, but there is no way I can answer or respond this afternoon.

STATUS OF NORTHLAND BANK

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, may I ask the Leader of the Government whether he can tell us about the present status of the Northland Bank. On September 1, the minister told the country that there would be some limited time given to the Northland Bank either to re-organize or to amalgamate. I would like to know what has happened, whether the time has been extended or what is the present status of that bank.

Hon. Duff Roblin (Leader of the Government): As I advised the house yesterday, there are two or three people or organizations who have been discussing with representatives of the Northland Bank and, no doubt, with the minister, the possibilities that may exist for the continued operation of that bank as a going concern. Those discussions are not completed. I think it would be wrong of us to close them off until we have a firm understanding as to whether or not any of them are acceptable.

COLLAPSE OF CANADIAN COMMERCIAL BANK—COMMITTEE STUDY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, the Leader of the Government has acknowledged the present unsatisfactory state of our information—indeed, his information—on this matter. He has referred to the speculation and counter-speculation, rumour and falsehood that is rife. I think we have an obligation to seek the information from the only source that can provide it, namely the Government of Canada. Now the minister has taken the view that it is not possible for him to answer questions in the detail we would like in this chamber, and he has suggested the possibility of a committee. In answer to the first question today, I think he said that we would have an opportunity shortly to deal with this matter in committee. I wonder if he would clarify that indirect hope which he held out to the searchers on this side of the house.

Hon. Duff Roblin (Leader of the Government): I hope my honourable friend has received the same indications from the committee as I have. The committee met last night to discuss what it should do. As a result of that meeting, the chairman of the committee wrote a letter—and I believe a copy was sent to my honourable friend—in which he proposed the action they should take. For my part, the decision was sensible, and it would mean an early consideration of the matters under question.

Senator MacEachen: Honourable senators, I understand that the Banking, Trade and Commerce Committee met and indicated that an understanding had been reached that it could study matters surrounding the Canadian Commercial Bank if the subject matter of proposed legislation were referred to it. The committee suggested this approach as a matter of efficiency and convenience. I accept that idea in principle, but there are two very important conditions. One is that the committee, if it ever does receive the subject matter for consideration, have very broad and full powers to investigate every aspect of the matter. The second condition relates to the timing of the proposed legislation: When is it coming in? If the Leader of the Government assures us that the proposed legislation will be in the House of Commons next week, then it might be a

workable proposition. However, if we have to wait for several weeks for the proposed legislation, that is quite unacceptable. I think it hinges upon the promptness with which the legislation is disclosed and the subject matter referred to a Senate committee.

● (1440)

Senator Roblin: I should first like to say that the government has no intention whatsoever of attempting to impose any limitations upon the Standing Senate Committee on Banking, Trade and Commerce. This government has never imposed any limitations on the work of that committee. We have respected the autonomy of the committee and the right of the committee to set its own agenda and to do its own thing, and I do not think there is a member on the opposition bench who would disagree with that statement.

Senator Frith: No, we would not, because you are only following a good Liberal principle when you do that.

Senator Roblin: When you find a good Liberal principle, it is well worth following, because there are not many of those around.

Senator Frith: You say that because you are not Liberals.

Senator Roblin: I would say, "Don't worry about that." The Senate is in charge of its agenda and its committees are in charge of their agenda, and that committee will pursue its mission as it sees fit. Personally, I am perfectly content that that should be the case and I would not like it to be understood, even by innuendo, that there is any other way in which we intend to operate with respect to this matter. That is point number one.

My friend's second question was: When do we get the bill? I can say to him that if I get out of here by 3:15 p.m. today, I will be in a better position to advise my honourable friend because this matter is receiving urgent consideration. I hesitate to make a firm promise because I am not in charge of the timetable, but I have every expectation that his limit with respect to the introduction of the bill in the other place will be met. That is my best information at the present time. If I find that that is not the case, I will advise my honourable friend accordingly.

[*Translation*]

FOREIGN AFFAIRS

RE-ESTABLISHMENT OF DIPLOMATIC RELATIONS WITH IRAN

Hon. Eymard G. Corbin: Honourable senators, my question is for the Leader of the Government in the Senate. Does the Government of Canada intend to re-establish diplomatic relations with Iran?

[*English*]

Hon. Duff Roblin (Leader of the Government): I must tell my honourable friend, although I am speaking entirely from my own understanding of this situation and without having had a chance to consult with my colleague, the Secretary of State for External Affairs, my impression is that there is no movement afoot at the present time to do such a thing. If I find that I am mistaken, I will advise my friend.

[*Translation*]

Senator Corbin: In this same context, can the Leader of the Government inquire why we have no Canadian representatives to look after our interests in Iran?

It seems that we still rely on the assistance of people at the Danish Embassy.

However, my information is that Canadian diplomats regularly travel between Canada and Iran. Are there things happening in secret?

Also in the same context, does Canada intend to apologize to Iran for its participation in the liberation of the American hostages? That is the essential condition posed by Iran to re-establish its diplomatic relations with Canada.

While the Leader of the Government inquires about my first question, could he also raise these two other issues which the Iranians seem to find very important?

[*English*]

Senator Roblin: I think I can deal with my honourable friend's points right now without any further reference. I was reminded by my colleague who sits behind me that we have not broken relations with Iran but that it has simply not been possible for our ambassador and his staff to operate there. I am looking at a gentleman who knows a great deal about international affairs, and he might corroborate what I say, or correct me if I am mistaken. The reason we are not there is because the Iranian government has demanded that we apologize for our actions in the case of the American hostages at the time that they were trying to make their escape from Iran. If I am correct in that statement, I really do not think it is very likely that the Canadian government intends to apologize for that attitude. I do not think that they should. It certainly would not carry my voice, if I were consulted about it, so I think the situation will be a stalemate until something happens to break that stalemate.

In the meantime, I think we should be grateful to other nations who protect our interests as best they can in Iran. It seems to me that we will just have to live with this situation a little bit longer in the hopes that ultimately we can find some *modus vivendi* which escapes us at the moment.

[*Translation*]

Senator Corbin: Honourable senators, I have a comment on the answer given by the government leader in the Senate.

In the report of the Committee on the Relations between Canada and the Near-Eastern and North African countries which was tabled in this house in June, 1985, I read on page 81 that trade between Canada and Iran has gradually increased in the last few years in spite of the fact that the two countries have not re-established diplomatic relations.

The Government leader informs me that these diplomatic relations have never been severed. The committee report mentions the break-up of these diplomatic relations in 1978-1980. Since then, they have not been re-established. There are two

possibilities: either I am misinformed or else the government leader in the Senate is misinformed. He could look into this matter before he gives me his answer in a few days.

[*English*]

Senator Roblin: Honourable senators, we are both right. It depends on what you mean by the words "diplomatic relations."

[*Translation*]

Senator Corbin: Honourable senators, please forgive me for taxing your patience. At the Interparliamentary Union Conference held in Ottawa under the auspices of the Canadian section, protesting Iranians were expelled on the instructions of the chairman of the Canadian section.

Does the government consider the totalitarian regime of Mr. Khomeini more important than these people who want to restore democracy in Iran?

[*English*]

Senator Roblin: I think my honourable friend will find that whatever action was taken by officials of the IPU was taken by them on their own authority, and on no other.

[*Translation*]

Senator Corbin: Honourable senators, the protesting Iranians expelled from the conference were thrown out by the RCMP on the instructions of the conference chairman. As it happens, he is also the chairman of the Canadian section of the Interparliamentary Union.

This is no longer a simple matter involving only the Interparliamentary Union. This incident involves the credibility of the Canadian government. This is why I asked my first question earlier. Either we have severed our diplomatic relations with Iran and no longer recognize the Khomeini regime, or else we no longer speak to any Iranian. What is the exact position of the Canadian government in this regard?

● (1450)

[*English*]

Senator Roblin: I have listened to my honourable friend's opinions and I do not share them.

FISHERIES AND OCEANS

SALE OF CANNED TUNA UNFIT FOR HUMAN CONSUMPTION

Hon. Joyce Fairbairn: Honourable senators, yesterday, in response to two questions from my colleagues, the Leader of the Government indicated he would direct certain inquiries to the Minister of Fisheries and Oceans on the tuna issue. Can the leader inform the Senate of the result of that inquiry?

Hon. Duff Roblin (Leader of the Government): I am still awaiting information from my colleague.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have two delayed answers to oral questions.

[Senator Corbin.]

ONTARIO

TORNADO DAMAGE—GOVERNMENT ACTION

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 12 last by the Honourable Senator Molson regarding tornado damage in Ontario.

(*The answer follows:*)

In a statement to the House of Commons on June 13, 1985, the Minister assigned to this disaster stated:

The Deputy Prime Minister (Mr. Nielsen), in his capacity as the Minister responsible for emergency planning, will provide federal financial assistance to help Ontario meet the costs of recuperating from the effects of the May 31 tornado. This federal aid will be provided under the terms of the Disaster Financial Assistance arrangements, administered by Emergency Planning Canada.

The DFA arrangements provide a mechanism for responding to provincial requests for disaster aid. A formula relating the disaster expenditures to the population of the affected province is used to calculate the appropriate federal contribution. Federal cost sharing begins when provincial expenditures on disaster relief exceed one dollar per capita, and becomes progressively more substantial as expenditures increase. The DFA arrangements include guidelines which describe disaster relief needs eligible for federal financial assistance.

My colleague, the Minister of Agriculture (Mr. Wise), who is here today will be setting up a special fund for farm assistance to finance a portion of farm capital reconstructions and re-establishment which are not covered by commercial insurance or by the DFA. Up to $5 million has been set aside for this purpose.

My colleague, the Minister of Employment and Immigration (Miss MacDonald), will take action to alleviate the hardship of residents in the stricken communities by making job creation funding available under Section 38 of the Unemployment Insurance Act to assist in community repair and restoration. This will help fund special restoration projects in such areas as Barrie and Grand Valley.

Fifteen additional employment and immigration staff members have been assigned to an emergency centre in Barrie to supplement the local staff in dealing with the loss of employment.

To help those who have lost their jobs as a result of the tornado, the Barrie office has set up a central unit to speed the processing of unemployment insurance claims, as well as an emergency cheque distribution centre.

The Ontario regional office of the Department of Regional Industrial Expansion has established a task force to address the damage to manufacturers and service industries in the area.

After a preliminary assessment, DRIE plans to assist in several ways: First, free business counselling will be provided through the sector and financial expertise of the Ontario regional office or the CASE service of the Federal Business Development Bank.

Second, DRIE has posted officers to work out of the Barrie branch of FBDB with responsibility for the immediate assessment of damage to business. They will assist business with reconstruction efforts, through the whole range of the Department's activities and, if shortages of essential building materials develop, DRIE's network will be used to locate supplies throughout Canada.

In addition, Mr. Speaker, the Minister of Regional Industrial Expansion (Mr. Stevens) will establish a $3 million central Ontario tornado damage business development program to encourage modernization and expansion in the affected area. The fund is designed to go beyond insurance and other aid as an inducement for businesses to seize the opportunity to expand and to upgrade their operations beyond simple replacement of storm damage. The fund will help generate additional long-term jobs and will contribute positively to the strengthening and future prosperity of the affected communities. Assistance will be available up to a maximum 35 per cent of eligible capital costs for firms which can demonstrate viability and significant economic benefits. The Department will discuss future prospects with affected firms, which should make their business plans known by September 30, 1985. In addition, the Minister has asked the FBDB to consider temporary payment deferral or reamortization for affected customers' loans in the same manner as does the Farm Credit Corporation.

Several dozen units of temporary housing have been made available through Canadian Forces Base, Borden. Additionally, 700 soldiers from the base have done a superb job in assisting, and over $25,000 in goods and services have been provided.

My Ministry, the Department of National Revenue, will treat donations to recognized disaster relief agencies or to municipalities as tax deductible. We believe that this measure will give added incentive for Canadians to contribute to rebuilding the damaged area. As well, recognizing that many financial records have been lost, I have instructed my officials to assist any person or business unable to provide supporting documents for tax purposes.

Both Canada Mortgage and Housing Corporation and the Department of Public Works have arranged to have inspectors in the area. CMHC will assist with identifying restorable buildings and help local officials with the issuing of building permits. The Department of Public Works will assess damage to public infrastructure.

REGIONAL DEVELOPMENT INCENTIVES

NON-COMPLIANCE BY MINISTER WITH ACT

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 9 last by the Honourable Senator Godfrey regarding Regional Development Incentives—non-compliance by Minister with Act.

(*The answer follows:*)

The Regional Development Incentives Act (RDIA), which was passed in 1969, specified that no development incentive may be provided under the Act unless the project could be in commercial production by December 31, 1984.

Section 16 of the Act requires that the Minister submit a monthly report to Parliament respecting the administration of that Act.

The RDIA Act has not yet been repealed. The Act is silent on when you may stop reporting on the administration of the Act. However, since no new offers can be made under the Act, there is little useful purpose to table a report every month indicating that no applications were received, no offers were made or accepted, but a few payments on older projects were made.

Tabled September 17th, the December 1984 RDIA monthly report to Parliament informs the members that no further reports will be forthcoming. However, Members of Parliament could request statistical information on any and all RDIA projects at any time.

CROWN CORPORATIONS DISSOLUTION AUTHORIZATION BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator MacDonald *(Halifax)*, for the second reading of the Bill C-60, intituled: "An Act to authorize procurement of the dissolution of certain Crown corporations and to amend or repeal other Acts in consequence thereof".—(*Honourable Senator Sinclair.*)

Hon. Ian Sinclair: Honourable senators, it is unfortunate that Senator Kelly is not in the chamber, but those present can understand my interest in this bill. When I was told there was to be a bill introduced dealing with the dissolution of crown corporations, knowing that there were approximately 400 of them having a book value of approximately $190 billion, an amount great enough to wipe out the deficit, I looked forward to the legislation.

Knowing that Senator Kelly, bearing in mind his background, would not deal with trivialities, I was absolutely astounded to learn that what Senator Kelly was dealing with was housekeeping, and that he had a very small broom. The

legislation deals with minor corporations, one holding assets of $9.00. As honourable senators know, $9.00, as a percentage of $190 billion, is something like the splash a raindrop makes on the top of a pin; the splash is hardly discernible.

In any event, Senator Kelly did present this bill. Although it does deal with trivial matters, I suppose they are necessary matters in law. I have read carefully what Senator Kelly said. He did give the reasons for the legislation. I see no reason for not speeding this legislation on its way. I hope that when Senator Kelly introduces a similar bill it has more substance to it than this one.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I take advantage of the debate to make a correction to a comment which I made yesterday, and which I think was inaccurately reported. That comment had to do with the corporation—which is also being dissolved or liquidated under this legislation—which holds the official residence of the Canadian Ambassador to the Vatican.

I am reported to have said:

It is a company residence—

I did not say that, and it is not a company residence. It is a very comfortable and very satisfactory residence for the Canadian Ambassador to the Vatican, but I will not go into all of the details which made it necessary to constitute a corporation in order to acquire that residence for the Ambassador. I simply want to correct that reference to "a company residence."

Senator Hicks: Is it located inside the Vatican or outside the Vatican?

Senator MacEachen: Outside of the Vatican, near the Roman Wall. The gardens abut the Roman Wall.

Motion agreed to and bill read second time.

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

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

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Heath Macquarrie moved the second reading of Bill C-69, to amend the Canadian Institute for International Peace and Security Act and certain other Acts in relation thereto.

He said: Honourable senators, it is a pleasure and an honour to have been asked to introduce second reading of this important piece of legislation. I recall clearly how, in the last Parliament, the Senate dealt with the bill which this bill proposes to amend. We had then a short but impressive debate. Two excellent speeches were given then, one by the Honourable Senator John Stewart, the other by the Honourable Senator Duff Roblin. I thought that if we had in the interval adopted that modern panacea for political and economic problems in Canada, to wit, have an elected Senate, Senator Stewart might not have been here and I would not have been able to pay him the compliment that I do. He may not be in the chamber at the moment, but he is a member of the Senate, and I am pleased about that. I recall his excellent speech.

At that time the Senate, as did the House of Commons, gave strong, multi-party support for the establishment of what I think is a splendid institution. I believe, too, that there is support for that institution among the Canadian public. Since its establishment, I believe that the support has strengthened and increased. The appointment of Geoffrey Pearson, a distinguished son of an illustrious Canadian, the most famed diplomat we have ever produced, Lester Pearson, has strengthened the support and goodwill for the institution. I think, too, that most Canadians believe that among the directors are eminent supporters of peace and disarmament in the country, many of whom have already earned distinction in the broader international world.

Although I have referred briefly to the importance of the bill we are amending, and the institution to which reference is made, Bill C-69 is, essentially, a housekeeping bill. I believe the most important aspect of the bill is that it underscores the desire of the present government to ensure the independence of the institute from the government and, indeed, from Parliament as well.

● (1500)

This bill provides for an amendment to the Financial Administration Act to add the institute to the list of crown corporations exempt from certain directions of the Governor in Council. The existing seven are: Bank of Canada; Canada Council; Canadian Broadcasting Corporation; Canadian Film Development Corporation; Canadian Wheat Board; International Development Research Council and National Arts Centre Corporation. This bill proposes to add, of course, the Canadian Institute for International Peace and Security.

We have heard from time to time in recent months the expression, "arm's length," in reference to governmental control and administration of important functioning bodies. We might say, if we were being informal, that Bill C-39 allows for the—

Senator Hicks: Bill C-69.

Senator Macquarrie: If I said "39," I erred. I cannot understand how that happened. I appreciate the correction.

Senator Muir: Perhaps that is your age!

Senator Macquarrie: Senator Muir says that perhaps I am thinking of my age. Had I been doing that, I would have made the mistake of calling it Bill C-66. Before we got into this penchant for correctitude, I was going to say that perhaps this bill might be construed as making the arm a little longer. That is what I was about to say in my merry Thursday afternoon way.

To show that I may be metaphorically sound once in a while, but anatomically outrageous, I was going to say that, "in another vein," if we look at another important part of this

measure, we find still further the underscoring of the independence of the institute by the provision in this bill that such reasonable travel and living expenses incurred by the chairman, the executive director and the directors of the board, while absent from their places of ordinary residence, shall be fixed by the board rather than by the Governor in Council.

I now turn to an important area although some may say it is just a textual or a linguistic matter. We come to the change in the designation of the institute in French. I do not think, honourable senators, I was chosen to pilot this bill because of my expertise in the French language. I am very modest about my skill in French, and anyone who knows me realizes I have a lot to be modest about. The essence of the change is that the word "mondiales," which Senator Hicks would translate into "global," does not, according to the experts at the board, portray the range and the mission of the institute. It is not "global," but international. They believe that the word "internationales" in the French version is a clearer, better and more appropriate designation. Perhaps it is not le mot juste, I do not know, but it seems to me it works very well. In all our efforts in bilingual legislation, it would seem to me to be important that every time we use a French or an English equivalent of the other, we be as close as possible to the most precise similarity in meaning. If, at the same time, we come very close in spelling, surely that is a literary dividend. Since writers of law write in legal English—but that is not the same thing as good English—I do not think they would mind that either.

Therefore, honourable senators, I commend all these suggestions to you. They seem to me to be sensitive and thoughtful improvements to the existing legislation to make the terminology clearer and to underscore the idea, which came through very strongly in both chambers in the last Parliament, that this new and important institution was not to be, by any means, an emanation of a government or even of a parliament. I believe, to that extent, it should commend itself to us.

Yesterday we heard our colleague, Senator Godfrey, make reference to what they do in the other place as being a good thing for us to do on occasion. Last week, in the other place, they presented this measure, debated it and put it through all three stages in one afternoon. We are not suggesting that we do that. I am relating this to you as an indication of the all-party support in that chamber for this most useful and, I think, valuable alteration to an existing statute.

Hon. Senators: Hear, hear.

On motion of Senator MacEachen, debate adjourned.

NATIONAL FILM BOARD

MOTION TO EXAMINE AND REPORT ON FILM ENTITLED "THE KID WHO COULDN'T MISS"—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Molson, seconded by the Honourable Senator Macdonald (*Cape Breton*):
>
> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the activities of the National Film Board with respect to the production and distribution of the film "The Kid Who Couldn't Miss".—(*Honourable Senator Frith.*)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, yesterday, when I asked for the adjournment of this debate, I gave some indication as to why I did so. I would now remind honourable senators why I proceeded in that fashion. The motion states:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the activities of the National Film Board with respect to the production and distribution of the film "The Kid Who Couldn't Miss."

It seems to me that this is an unusual motion and an unusual activity for the Senate to engage in. Of course, there is no reason not to act upon this motion simply because I cannot think of a parallel motion since my appointment to this chamber, which is only seven or eight years.

Is there any reason not to do this? I felt worried about interpretations that might leave some whiff of censorship; some impression that the Senate was setting itself up as a censor board. However, when being concerned with that view, we must remember what Senator Molson told us yesterday. We must remember that the issue is not a private feud; it is not even an individual feud with public importance. It is even more than that; it is a matter of public importance on two counts: As Senator Molson pointed out, the subject matter is one of Canada's long-sung and praised heroes; and the other party, if we can so call the NFB in this context, is, of course, a government agency and there is nothing unusual about government agencies feeling themselves responsible to and, in fact, reporting to Parliament and its committees.

• (1510)

I feel that we can justify the action requested by Senator Molson, in spite of the preliminary reaction we might have that we are taking unto ourselves a role that we might not want to extend to other issues. Senator Molson's careful research certainly made a case yesterday for the defamatory nature of the film entitled "The Kid Who Couldn't Miss."

As he pointed out, it is not a documentary—although, as he also pointed out, it is unclear whether it should even be described as a documentary. Certainly, his definition of "documentary," taken from the Oxford Dictionary, to mean something that is not fiction, when coupled with his description of this document, leads one to believe that this film is not a true documentary.

If the film is defamatory, then the defamer, if I can use that expression, has had a forum for its point of view and for the production, distribution and showing of its film. The defamed has no forum—he is dead. Senator Molson wants to provide a forum for Marshall Bishop.

Honourable senators, the motion that is before us is not to censure or to condemn the film board. It is a motion asking that a committee look into this public question. I see no reason not to support and adopt this motion. Indeed, Senator Molson provided many reasons why we should. Perhaps I will add one additional reason which is corollary to what I have said.

The National Film Board is an agency that has deservedly won many awards. I, personally, am a great admirer of that entity. I have known and worked, in various capacities, with at least three government film commissioners. Canadians should be proud of the National Film Board—proud of its award winning work and proud of the work that has attracted no awards. I believe that a further justification for Senator Molson's motion is to provide to the National Film Board the opportunity that I assume it would welcome to explain why this film seems to be so justifiably subject to the serious criticism directed against it by Senator Molson.

I can only add that I have not consulted my colleagues on this matter; I am speaking for myself. It may be that some other honourable senator wishes to speak to it. At any rate, for the reasons I have given, I intend to support the motion.

Hon. Philippe Deane Gigantès: Honourable senators, I move the adjournment of the debate.

Hon. Louis-J. Robichaud: Honourable senators, I understand that Senator Marshall is ready to speak to this motion this afternoon. Perhaps I will be, too. I wonder if we might allow Senator Marshall to have the floor?

Hon. Jack Marshall: Honourable senators, I would not want to preclude Senator Gigantès. He has moved the adjournment of the debate. I can quite happily speak after he does, although I thank Senator Robichaud for his consideration.

On motion of Senator Gigantès, debate adjourned.

STRATEGIC DEFENSE INITIATIVE

GOVERNMENT ATTITUDE—DEBATE ADJOURNED

Hon. Philippe Deane Gigantès rose, pursuant to notice of Tuesday, September 17, 1985, that he will call the attention of the Senate to the Strategic Defense Initiative.

He said: Before I speak to Inquiry No. 3, honourable senators, I notice that some of my colleagues—one, in particular; I recognize his laugh—find it amusing that one should stand the previous inquiry. I wish to spare some of those colleagues who did laugh some of the memories that I cherish—perhaps they do not—about our great former Prime Minister.

That, however, is not the subject of Inquiry No. 3. I should like to speak about Star Wars and the attitude of the government.

We have been told by the Prime Minister that Canada will not be officially—

Hon. C. William Doody (Deputy Leader of the Government): Excuse me, senator, are we dealing with Inquiry No. 2 or Inquiry No. 3? Has Inquiry No. 2 been stood?

[Senator Frith.]

Senator Gigantès: It has been stood, yes.

Senator Doody: Thank you.

Senator Gigantès: We have been told by the Prime Minister that the government of Canada would not be involved in Star Wars research, but that he thought it prudent for the Americans to be involved in it and that he would place no obstacles in the way of Canadian companies that might wish to engage in that research. In this regard, there are various points to consider—I am sure that the Prime Minister considered them and did his best to address himself to them. One such point is the security of mankind and, therefore, of Canada. Another is the financial advantage to be gained by participating in that research.

On the security issue, I claim that the dangers of the Strategic Defense Initiative are so great that they nullify any possible financial advantages. I would ask for the patience of honourable senators while I tell them why.

If the United States were first to establish an umbrella that would stop missiles, we would have to ask whether this umbrella would be fully effective. Most of the specialists say that it would not be 100 per cent effective but would be, perhaps, 95 per cent effective. I am prepared to grant 99 per cent effectiveness. That leaves 1 per cent of total Soviet warheads to come through. If we count only the Soviet warheads on land-based Soviet missiles, we are faced with 6,000 warheads as of last November. One per cent of 6,000 is 60. The probability of distribution is such that we cannot assume that each of those 60 would fall upon a separate U.S. city, but it is probable that they would fall on the major American cities. If they fell upon the 20 largest of them, we are talking about losing something in the order of 100 million lives. Therefore, the effectiveness of the Star Wars umbrella is non-existent in the event of the United States sustaining a first strike from the Soviet Union.

But there is also the possibility of the United States attempting a first strike. If the U.S. attempted a first strike and it had an umbrella, the first strike would disrupt Soviet command structures, would probably destroy a great many of the Soviet weapons, and then it would be less likely that 60 warheads would get through. It might be less. But even if fewer land-based warheads got through, the probabilities are—and I have asked some computer friends to do these calculations—that the first five major cities in the United States would be hit, and I am not counting at all the Soviet missiles that would be launched from submarines.

● (1520)

If one looks at this brief summary of the possible consequences of a first strike by the U.S., or a first strike by the Soviet Union, what one sees is that this umbrella against missiles will not be effective, will not limit damage to what is acceptable—because losing the first five major U.S. cities, and losing 30 million people, is not an acceptable loss for any sane U.S. government—and I assume that U.S. governments will continue to be sane. I also assume that Soviet governments will continue to be sane, because if we assume anything else, then

we might as well stop thinking about defence if we are dealing with insane people.

However, the danger is that if the U.S. starts building the Star Wars umbrella, or vice versa, the superpower that has not started first in building that umbrella is forced to assume that the enemy's umbrella will work to a fairly large extent, and is forced to fear that the enemy is planning a first strike—because a second strike does not work as well.

That means that should the Americans start building this umbrella first, as they are doing, the Soviets will have to say to themselves "We have to multiply our offensive weapons. This umbrella can stop 99 per cent of our 6,000 land-based warheads. Well, let us double the number. Then the penetration will be double and the Americans will not dare try a first strike." They will say "Let us increase the number of missiles we have on submarines and the Americans will not then try a first strike."

We can reverse the argument. If the Soviets build this umbrella first, the Americans will inevitably multiply the number of offensive missiles they have, so that they can saturate the Soviet Union. That means a new arms race.

It is not a military secret—it has appeared in the *New York Times* and the *Wall Street Journal* and we have had it confirmed to us by Americans we have met—that on several occasions there were accidents. In one of them the commander of NORAD was sitting at his console and he saw the Soviet missiles coming over the Pole; and he did his duty. He scrambled the bombers; he told the land-based missiles to start counting down; and he warned the submarines to fire. Six and a half minutes later it was discovered that it was a faulty silicon chip that had not functioned and had allowed an exercise to come through as if it were a real event. Let us not forget that the Soviet equivalent of that American general sits six and a half minutes flight time from our Pershing missiles in western Germany.

Each weapon is a potential accident. If we multiply the number of weapons that we are aiming at one another, we are multiplying the number of potential accidents. It is not that I trust the Russians. It is not that I think that if we disarmed they would not try to conquer first western Europe and then other parts of the world. The question simply is: Which is the best way to defend ourselves? We live in a world which has been compared to two scorpions in a bottle. We do not want to make either of those scorpions nervous. When one of the two scorpions says "I can nullify your sting by and by," the other scorpion may well sting first. That is the danger, and the danger of accidental release of a constantly increasing number of weapons.

It can be argued—and the French argued very successfully—that all you need is to be able to inflict upon your enemy damage that is unacceptable. I would argue that losing your first 50 cities is unacceptable damage, if you are the leader of the Kremlin or if you are the President of the United States. You go back into the Stone Age—and let us not even think of nuclear winter, which is quite possible. The radiation effects alone would be enough to destroy future generations.

So it was from the beginning quite open to both sides to restrict themselves to having retaliatory forces that are simply enough to destroy the other's 50 cities. It happens now to be just one submarine. Okay, that might malfunction. So two submarines. Two might malfunction. Let us say four. Four means about 292 warheads on either side. That is below the nuclear winter threshold, and it is a small fraction of the 1.2 million Hiroshimas that are potentially there in the thermonuclear arsenals of the two superpowers.

Starting a new arms race, as the Star Wars Initiative does, is not to increase our safety or the safety of Americans—and thus the Canadians, who will fry along with them. It is to lessen it. It is therefore our duty, as a country, as a member of the human race, to say to the Americans: No, it is not prudent. It is dangerous. It is dangerous for you, our friends, our neighbours. We are your Siamese twins. We love you. We don't want to be anybody else's ally." If there were a winnable war, I would like to see the Americans win it. But there is not a winnable war. I do not want them to create more risks of accidentally bringing about the end of mankind.

Hon. Henry D. Hicks: Honourable senators, I move the adjournment of the debate.

Hon. D. G. Steuart: Before the honourable senator adjourns the debate, perhaps he will permit me to say a few words?

Senator Hicks: Certainly.

Senator Steuart: Honourable senators, I thank Senator Hicks for allowing me to speak. If he then wishes to adjourn the debate, he may do so.

May I say at the outset that I am not an expert on Star Wars. In that context I join Senator Gigantès. He is not an expert on Star Wars. In that context I join Lloyd Axworthy of our Liberal Party, who also is not an expert on Star Wars, but who has had a great deal to say on Star Wars.

In that context I join Pauline Jewett of the NDP, who is also not an expert on Star Wars, but who has had a great deal to say about Star Wars. Then I also join the Prime Minister, the Right Honourable Brian Mulroney, who also is not an expert on Star Wars but who has a great deal to say about Star Wars.

This whole debate reminds me of 1939, when I was a young man, and there were a great many experts all over Canada speaking about Hitler, Germany, Japan, the new weapons they had, the number of ships, the number of guns, about everything; and the tone of the comments right across Canada, the United States, Great Britain and France was "Maybe if we just don't upset the Germans and the Japanese, they will go away." The two scorpions mentioned by Senator Gigantès were the Americans and the Germans. In fact, there were three at that time, because there were also the Japanese. We said "If we upset them, they will sting each other and we will all die." But it did not work.

Whether we like it or not, there are two sides in this world. There is our side and the American side, and then, of course,

there is the Russian side. Sometimes I wonder whose side we are on, just as sometimes I wonder about what kind of sense they are trying to make.

● (1530)

I get excited and upset by some things the Americans do, just as, I am sure, every person does. However, whether we like it or not, there are essentially two sides. There is the Russian side and there is our side. The Russian side includes Poland, which they took over, and it includes Yugoslavia, Czechoslovakia and lately Afghanistan. I would like to see those people vote on whether or not they would trust the Russians.

The Russians have said that they are not engaging in research on weapons in outer space, and a lot of our people say that they believe them. I would not believe the Russians if they were saying the Lord's Prayer. I think they are already engaged in Star Wars. In this case, I think the Americans are right. I do not agree with many things the Americans do, but I think this time they happen to be right. However, whether they are right or whether they are wrong, I do not think that our side can take a chance. Here is little Canada with 26 million people, and what have we been doing for the last 50 or 60 years? Living under the shield of the Americans, acting like we are independent, and kicking them in the shins or anywhere else we can reach them, and we cannot reach very high because we are such a tiny little power compared to them. We are trying to point out that we are some kind of a great neutral force, that we are some kind of an honest broker. I am sure that the Americans are beginning to wonder whose side we are on, and the rest of the world does not pay any attention to us.

I am not necessarily saying that we should jump into bed with the Americans on the Star Wars Initiative. I do not think it would make any difference one way or another. However, I do not agree with the present government when it says that we will not join with them, that we will not get into bed with them but that if we want to make a little profit from them that is okay. So we want the best of both worlds. We are not going to lose our virginity, but we are going to take the money for hooking up and down the streets. I do not agree with that position.

Nor do I agree with the official stand of the Liberal Party and the New Democratic Party when they say "We will not agree with them and we won't have anything to do with it." Whether we like it or not, we are on their side. I do not know whether the Russians are engaged in Star Wars research. I do not know whether it is a defensive weapon or an offensive weapon. All I say is that we had better be very careful about whose side we take. It is very easy to stand up here—and, oh my God, it is popular—and say that we do not believe in nuclear weapons. I do not believe in them either. I do not want to get killed and I do not want my grandchildren to get killed. I am just starting to teach them how to play golf and I do not want them to get killed. I have never met anybody who is in favour of war or getting wiped out. However, the question we must ask ourselves is: Whose side are we on? To me it is very simple—we are on the side of the western world, the side of the Americans.

I agree that we can have some influence in this matter. Of course, I do not always agree with the Americans either. Sometimes I look at the President and at their Secretary of Defense, Caspar Weinberger and I wonder what they are up to and where they are coming from. However, I believe that we can be far more effective if we say to them, "Okay, we are on your side, and we would like to sit down with you privately and talk about some of these things that you are doing." In this way we would have some influence. But we try to take some kind of independent stand when we are not independent, and we really do not count for anything. We try to show off to somebody—and I do not know to whom—how we are on the side of motherhood and of the world carrying on and then we try to have some effect on the decisions that are taken. I do not think such a stand means a thing in the world today. I think that we would be far better off to say, "Okay, we are on your side." That way we could sit in the inner circle—if we can get into the inner circle—and try to apply common sense there, rather than taking the attitude that the government, the official opposition and the NDP are taking. I totally disagree with Senator Gigantès and with this animosity against the Americans because of their policy on Star Wars. I do not think we have to agree with everything they do, but I think we are jumping into this matter far too quickly, and I do not think that we are doing them or ourselves any good.

Senator Gigantès: Would Senator Steuart accept a question?

Senator Steuart: Yes.

Senator Gigantès: I agree that we are not experts. Presumably the generals and those who constitute the military industrial complex are the experts.

Senator Steuart: Is the honourable senator's question about whether I think the generals are experts?

Senator Gigantès: Yes.

Senator Steuart: I think every general in the world fights the last war. The generals of the war I went through were ridiculous. I think that most of them should have been hanged. They may be experts on the last war, but I do not think that anybody is an expert on the next war. However, I do not think it matters. I do not think that you and I as Canadians can decide to split our side of the equation which is made up of the allies. We are allies now and we were allies in the last war. God help us, I hope there never is another war, but if there is, we will be on the side of the allies. I do not think that the allies can afford to be split. If we want to have some input in this whole matter, then we should do it quietly. Let the Shamrock, Irish eyes that are smiling go down to the United States and try quietly to have some input, and never mind taking a public stand like we are attempting to do.

Senator Gigantès: I have always thought that if one of my friends were stepping in front of a bus I should scream.

Senator Steuart: That is right.

On motion of Senator Hicks, debate adjourned.

The Senate adjourned until Tuesday, September 24, 1985, at 2 p.m.

THE SENATE

Tuesday, September 24, 1985

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

Prayers.

QUESTION PERIOD

[*English*]

BANKING

COLLAPSE OF CANADIAN COMMERCIAL BANK—ALLEGED EXISTENCE OF DOCUMENT INDICATING DIFFICULTY—CORRECTION OF STATEMENT BY LEADER OF GOVERNMENT

Hon. Duff Roblin (Leader of the Government): Honourable senators, before we embark on Question Period, I would like to amend a reply that I gave last Thursday in response to a question by the honourable Leader of the Opposition in which he asked me about certain documents that have been requested from the Federal Reserve Board in the United States.

Senator Frith: To what page are you referring?

Senator Roblin: Page 1256 of *Debates of the Senate.* In answering that question, after advising that the matter had been referred to higher levels of government in the United States, I said:

> I am glad to say that the document will be forthcoming.

I now have to tell honourable senators that that should read:

> I am glad to say that the document may be forthcoming.

Although I had understood an agreement had been reached about the providing of the document, after I had made my statement I was told that that was not the case and that the matter is still under negotiation. However, should it be made available to us, we will be glad to make it available to Parliament.

FISHERIES AND OCEANS

SALE OF CANNED TUNA UNFIT FOR HUMAN CONSUMPTION—PRIME MINISTER'S OFFICE—EXTENT OF KNOWLEDGE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a few questions for the Leader of the Government in the Senate. Since they all request information, I do not expect him to have answers to these questions on the spot. They all deal with the unfortunate events surrounding the canned tuna.

There seems to be some residual doubt as to when the Prime Minister's Office, in particular, first knew about the problems surrounding this canned tuna. Yesterday there were dates mentioned in July and August. I ask the Leader of the Government in the Senate to attempt to give us more precise information on the dates.

The first date I wish to know is that on which the Prime Minister, or the Prime Minister's Office, first knew anything about the problems surrounding the acceptability of this tuna for human consumption.

As a subsidiary question, if the first time the Prime Minister's Office knew about the problem was in connection with a proposed television show, what information was given regarding what was going to be the subject matter of that television show? I ask that because the Prime Minister said yesterday that when the television show did not appear, he did not look into the matter any further at that time. The question is: Did he know that the show was going to deal with the subject of the tuna being condemned by the inspectors?

May I also ask for the date upon which Star-Kist first made representations to the government through the Minister of Fisheries and Oceans, or through the Prime Minister's Office, and who, other than Premier Hatfield, made representations for them or sought an appointment to do so, and the date or dates of any such activity.

The last question is: Did Mr. Fraser, the Minister of Fisheries and Oceans, as he then was, first refuse to overrule his officials, and was he persuaded to overrule them by the Prime Minister's Office?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am not entirely sure that I can accept all the questions as posed by my honourable friend, because some of those questions have to do with conversations that might be described as between ministerial colleagues on cabinet matters. So, I would have to enter at least that reservation with respect to the information he seeks.

On first reading, that is the only reservation that occurs to me. I would be pleased to take the other questions as an order for return and I will provide that information as soon as I can.

Senator Frith: Honourable senators, on the points raised by the Leader of the Government in the Senate, I understand that his reservation is a reasonable one. I do hope and I am sure he intends me to infer that he will state in any particular case in which he feels the information is not available what the nature of that information is and why it is not available.

RESIGNATION OF MINISTER—TRIBUTES

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am not entirely sure whether it is proper to do so, but I cannot let the occasion pass without saying a word in tribute to my former colleague, the Honourable John Fraser. His problems are well known and his difficulties are a matter

of public information and discussion, so I will not deal with those.

During my service with him, and since I have known him, I have found him to be a dedicated, honest, entirely well-motivated and principled public servant. While he has fallen on a difficult day, I would not like the occasion to pass without making this reference to a friend.

Hon. Senators: Hear, hear.

Hon. Henry D. Hicks: Honourable senators, if I might intervene for a moment, I should like to underline the words that the Leader of the Government in the Senate has said about the Honourable John Fraser. I have had occasion to work with him, particularly on the Canada-U.S. Interparliamentary Group. I would put him in the very top category of public servants in Canada.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, it may not be proper for me to comment on the Honourable John Fraser's resignation, and in fact it may not be a very good idea, but I will do so anyway. I know the Honourable John Fraser reasonably well. He is married to a woman from a well-known Carleton Place family. I know his in-laws, and certainly my experience is that the comments made by the Honourable Senators Roblin and Hicks were totally justified.

Hon. Senators: Hear, hear.

BANKING

CANADIAN COMMERCIAL BANK AND NORTHLAND BANK—DEPOSIT INSURANCE—GOVERNMENT POLICY

Hon. H. A. Olson: Honourable senators, I have a question for the Leader of the Government in the Senate respecting the policy of the Canada Deposit Insurance Corporation. There are two parts to the question. Could the Leader of the Government tell us what the policy of the government is respecting insurance of the depositors in the institutions to which this act applies? With respect to several institutions that have failed and where the depositors are insured there have been policy announcements made by the government to the effect that they are going to guarantee 100 per cent of all deposits even though they were in excess of the insurance level provided. I should like to ask if that is the policy of the government or is it changed from time to time depending on the type of institution involved.

My other question is as to whether or not an announcement has been made by the government about deposits in excess of $60,000 in the Northland Bank. I read an item in the paper to the effect that such deposits would be automatically covered. It may be that the government has made an announcement that they are going to cover 100 per cent of all the deposits in that bank as well. I have not seen that announcement and I wonder if he could confirm if such an announcement has been made or not.

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend raises a very important matter which is now being considered by the government. The decision with respect to the policy on the CCB was dictated by the circumstances of that particular situation because certain statements had been made and undertakings had been given by various authorities which bore on the decision to act as the government proposes to act in respect to all depositors in that institution.

Nothing that I know of at the moment has been said about the circumstances surrounding the Northland Bank because the same situation has not arisen. Should it arise, the government will have to consider what its position is going to be.

On the more general question that my honourable friend raises, it is the government's opinion that the whole question of the CDIC requires a thorough review to establish the policies that ought to be followed by that body not only in connection with the amounts that are insured but with all the circumstances that surround that form of government guarantee insurance policy. It is time it was reviewed and I expect, with the parliamentary schedule permitting, that there will be legislation on that in due course.

Senator Olson: I have a supplementary question. I am not questioning what the government leader has said, but do I understand him correctly that the government has not stated a policy with respect to the deposits in the Northland Bank to date because they have not reached that stage but the fact, of course, is that many of the activities of that bank have been frozen and that they are under a custodianship? Could he check to ensure that no undertakings have been given to date? Because, obviously, there is a great deal of concern about some of those deposits and in particular some of those by municipalities and so on are rather substantial.

Senator Roblin: I gave my honourable friend my understanding of the situation but in view of his special request I think it is important that I be absolutely sure that I am correct, so I shall make inquiries.

CANADIAN COMMERCIAL BANK—MEMORANDUM OF INTENT—REQUEST FOR FURTHER INFORMATION

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question on that point and it is also supplementary to some questions I raised last week. At that time I raised questions arising out of the Memorandum of Intent, tabled with Bill C-37 as the Leader of the Government in the Senate will recall. There was one clause in that memorandum that dealt with insolvency but in a rather minor way. I understand that some testimony was given today or yesterday by the president of one of the banks saying that the Memorandum of Intent had subsequently been amended to add a specific clause dealing with insolvency and the status of the $60 million put out by the banks. He said that the agreement had, in fact, been amended to provide that the banks' contributions were, in the event of insolvency, to be treated as deposits, which is most important, of course, in terms of their ranking.

• (1410)

Would the Leader of the Government please add that to the list of questions I asked, because it arises out of an event which had not, at that point, taken place?

Hon. Duff Roblin (Leader of the Government): Yes, honourable senators, I will add that item to the information requested.

Hon. Ian Sinclair: Honourable senators, I have a supplementary question to that raised by Senator Frith.

If the Memorandum of Intent was not specifically amended, would the Leader of the Government find out whether any verbal assurance was given to the banks that, on liquidation, their advances on behalf of that group of loans would be looked upon and considered as being in the nature of deposits?

Would the Leader of the Government also ascertain whether there is anything in any of the applicable statutes that would lead the bankers, on liquidation, to consider advances under assurances, such as were given, to be changed from portfolio advances to deposits?

Senator Roblin: Honourable senators, I cannot undertake to answer my honourable friend's questions because the question of verbal assurance is something which I very much doubt will be a matter on which I may report. Unless there is some concrete evidence as to what assurances were given—and they are usually given in written form—I cannot undertake to inquire about the conversation.

My honourable friend has also asked me about what is, in effect, a legal opinion, which cannot be dealt with under the parliamentary rules.

Senator Sinclair: Honourable senators, the reason I phrased the question as I did was because of the honourable senator's statement, in answer to Senator Olson, that government officials had given assurances in regard to CCB deposits.

He seemed to indicate that he knew of some assurances given in that regard, and I was asking whether any assurance of a similar nature from similar people or their assistants was given to the banks.

Senator Roblin: I can tell my honourable friend that what I had in mind were the assurances given by the Governor of the Bank of Canada.

FISHERIES AND OCEANS

RESIGNATION OF MINISTER—TRIBUTE

Hon. George van Roggen: Honourable senators, unfortunately, I am somewhat out of phase since I was intending to rise following Senators Roblin and Hicks on the subject of Mr. Fraser's resignation. Not only am I from his province—and quite possibly the only one here today who is—but I first knew him over 35 years ago as a young law student. I cannot let this opportunity go without saying that, in spite of the high price, I think he has honourably chosen to pay for what appears to have been a most unfortunate mistake, his life has been dedicated to public service in the highest form of the use of that term. He has been a most sincere, honourable and hard-working man in his chosen political career, and I do not want this opportunity to go by without simply wishing him a useful contribution to Canadian public life again in the future.

Hon. Senators: Hear, hear.

STRATEGIC DEFENSE INITIATIVE

STATUS OF STUDY

Hon. D. G. Steuart: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate.

Some time ago, the Prime Minister announced that he was appointing Mr. Kroeger, a long-time public servant in the federal government, to conduct a study and report on the so-called Star Wars Initiative which the United States was undertaking.

My question is: Has Mr. Kroeger completed his study and has he reported? If he has, is it or will it be made public?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I shall have to take the question as notice.

• (1415)

AGRICULTURE

FARM DEBT REVIEW

Hon. Hazen Argue: Honourable senators, my question is for the Leader of the Government in the Senate. Some days ago, the Minister of Agriculture, Mr. Wise, announced that there would be a review undertaken by the Farm Credit Corporation of its loans in default and of the entire problem of agricultural credit and possible bankruptcies. Although it is a welcome announcement, I would like to know whether there has been undertaken, anywhere within the government, a broad review of the farm debt load, the danger of bankruptcies and the more and more frequent foreclosures. My feeling is that this is a serious situation, indeed, that the banks are moving in on very many farmers, that this whole problem of an expanded debt load held by farmers will have to be addressed and that there will have to be some adjustment made in the broad scope of those debts so that producers will have a chance to pay those obligations in the future.

My question is: Is there a review being undertaken which is more broad than that of the Farm Credit Corporation's policy itself?

Hon. Duff Roblin (Leader of the Government): I think that my honourable friend knows that the minister has taken a number of steps to help alleviate the credit crisis in western Canada. He has, of course, set up the advisory committees, which are able to consider hardship cases and make recommendations on a voluntary basis. This has, I think, been well received as being a useful initiative in identifying hardship cases. I think he has been reasonably successful in dealing with that aspect of the problem. He has also established a freeze on foreclosures under the Canada Farm Credit Arrangements,

which I think is a well considered measure in view of the circumstances that arise.

My honourable friend is really alluding to a farm credit crisis which is continent-wide. In fact, if I may hazard an opinion, it is a lot worse in the United States than it is in Canada.

When the minister is looking into the farm credit situation in western Canada, I am confident in saying that he will consider not only his direct departmental responsibilities but the more general aspects of the problem as well.

Senator Argue: If I might say so, the minister's reply is not very specific. I was really zeroing in on whether or not there is any review being undertaken by the government of the broad aspect of farm credit and the ever increasing number of bankruptcies and foreclosures undertaken, in particular, by the banks of this country. I know farmers personally who will be foreclosed upon by the banks in a very few days. My question was more directed toward a review of that kind of activity.

I understand what the minister has said. All of the measures he mentioned are welcome, but I wonder whether the whole question of the huge debt—particularly the bank debt—borne at present by the farmers is being looked at.

Senator Roblin: The whole question is being looked at. My honourable friend's next question will be: When will the answers be forthcoming?

Senator Argue: That is right.

Senator Roblin: My reply, in answer to that, is that they will only be forthcoming after there has been a thorough examination of the matter.

Senator Argue: Is the minister telling me that there is a particular review going on now within the government on the question of farm debt? I have in mind a specific review as opposed to general consideration; I have in mind something that will result in a report containing recommendations.

Senator Roblin: The matter is being studied. When policy is formulated, my friend will be informed about it.

Senator Argue: That is a very bad answer.

Senator Roblin: That is the best answer you have had on the subject for a long time.

Senator Argue: You may be right, at that.

Senator Roblin: The answer is a little better than the question; I will say that.

MEXICO

EARTHQUAKE DISASTER—GOVERNMENT ACTION

Hon. Peter Bosa: Honourable senators, my question is for the Leader of the Government in the Senate. Has he any information concerning possible new initiatives taken by this government in respect of Canada's assistance to the earthquake victims in Mexico?

[Senator Roblin.]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have some information on that matter. If my honourable friend wants me to do so, I shall give to him some of the details.

An allocation of $1 million of CIDA emergency assistance has been made to private sector organizations such as the Red Cross and UNICEF that are working in Mexico. A fund of $250,000 has been provided for the embassy itself in Mexico to deal with emergencies that come to its notice that require quick action. There is some money there.

• (1420)

A Canadian Buffalo aircraft is assisting in the relief effort, moving people and material into Mexico, and a 14-man rescue team with medical and surgical supplies is being lifted to Mexico by a Hercules aircraft at the request of the authorities of that country.

We have been monitoring the whole situation to see what other measures could usefully be proposed. We are very conscious of the fact that it is the Government of Mexico to whom we must look for some advice as to what kind of help and assistance they wish us to provide, but we believe that the measures I have announced in this brief recital have received their approval.

We are also trying to assist private sector organizations that require some co-ordination of efforts that the government could provide to help them to zero in on the problem.

So we are conscious of the magnitude of the disaster. A 200-bed emergency hospital has been offered, but so far as I am aware, it has not yet been accepted by the Government of Mexico.

On the whole, we are taking measures that we hope will help the situation and we stand ready to do more if asked to do so.

Senator Bosa: As a supplementary, could the Leader of the Government identify the private organizations to which he referred in his response?

Senator Roblin: Honourable senators, those that have already been given government funding are the Red Cross, UNICEF and PAHO. I believe the latter is a local organization. I am not familiar with that acronym, so I cannot tell the honourable senator what it stands for.

We are also in touch with Red Cross and church groups in Canada that are pooling their resources to help in this matter.

EARTHQUAKE DISASTER—PROVINCE OF ALBERTA ACTION

Hon. Heath Macquarrie: Honourable senators, with my usual and traditional courtesy, I lost my question to Senator Bosa but I congratulate him on his interest, and I appreciate the minister's reply. I would like to take this opportunity to say that I was most impressed by the fact that in the province of Alberta there was, in action and organization, an important group which, as I understand it, is now active in providing help in connection with the terrible tragedy that occurred in Mexico. I hope that the minister will commend to the government the view that other provinces might follow the example

of that magnificent, progressive and Conservative province in the great west.

CROWN CORPORATIONS DISSOLUTION AUTHORIZATION BILL

THIRD READING

Hon. C. William Doody (Deputy Leader of the Government) moved the third reading of Bill C-60, to authorize procurement of the dissolution of certain Crown corporations and to amend or repeal other Acts in consequence thereof.

Motion agreed to and bill read third time and passed.

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Tremblay, for the second reading of the Bill C-69, intituled: "An Act to amend the Canadian Institute for International Peace and Security Act and certain other Acts in relation thereto".—(*Honourable Senator MacEachen, P.C.*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator MacEachen is indisposed today with a bad cold. I know that he had looked forward to proceeding with this order. I sent him some material over the weekend so that he could prepare himself to go ahead today. I hope that he will be here later in the week. If it turns out that the honourable senator cannot speak to the matter this week, we will try to have someone else speak to it.

● (1425)

Senator Macquarrie: He is worth waiting for.

Senator Frith: I shall tell him you said so.

Order stands.

NATIONAL FILM BOARD

MOTION TO EXAMINE AND REPORT ON FILM ENTITLED "THE KID WHO COULDN'T MISS"—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Molson, seconded by the Honourable Senator Macdonald (*Cape Breton*):

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the activities of the National Film Board with respect to the production and distribution of the film "The Kid who Couldn't Miss".—(*Honourable Senator Gigantès*).

Hon. Philippe Deane Gigantès: Honourable senators, I regret that Senator Molson is not here. His very proper, very understandable and very honourable concern about this issue is a reflection of his decency and of his patriotism. However, I feel that I must speak against his motion and his recommendation that this issue be sent to the Standing Senate Committee on Social Affairs, Science and Technology. Obviously, from what Senator Molson has said to us, he is concerned about the reputation of Billy Bishop and the damage that was done to his reputation by a National Film Board film. Therefore, his purpose, as I understand it, is to have the Social Affairs, Science and Technology Committee examine this issue and, perhaps, to provide a forum for restoring the reputation of Billy Bishop, if his reputation has, indeed, been damaged by this film.

I will attempt to prove that the procedure suggested by Senator Molson may further damage the reputation of Billy Bishop and may be harmful to the Senate itself. One could say that this film—which I have seen and which upset me—is a revisionist film. It tries, as is being tried by many contemporary historians who did not live the events, to prove that a god had feet of clay. All our gods have always had feet of clay. Some of us who are not gods have feet of clay up to our Adam's apples, and I am sure I am one of those. But there are revisionist historians around. The producer based the film on the texts of some of these historians, who try to get themselves published by examining an accepted fact and proving that those who accepted it were wrong to accept it.

Let me confess that as a historian I sought in my academic endeavours to prove that the Spartans in the fifth century B.C. were wicked and that the Athenians were always fine. I approached academic work, because it is the way it is approached, to try to demonstrate that the accepted truths are poorly based, and thereby gain some academic notoriety. All academics do this. One academic who was working for me while I was a university dean wrote a paper describing how he had induced a certain behaviour in rats by torturing them. That was published. Then he would erase that behaviour from the same rats by a new series of even more fiendish tortures. That is academic work. The point is that attacks on Billy Bishop have been printed in certain journals. If the Senate conducts the inquiry Senator Molson suggests and the producer accepts the invitation to appear before the committee, he is bound to defend himself by bringing forth, not only the texts, but the authors of those texts, which have attacked the reputation of Billy Bishop. and, in so doing, will probably further damage the reputation of Billy Bishop and cause further adverse publicity for what, after all, is one of the great and precious legends of this land. The advice that a wise public relations officer would give to his minister would be, "If you are being attacked in the newspaper, unless you absolutely must answer, don't; it will only protract the attack and cause a new one." In the same fashion, for the sake of Billy Bishop's reputation, I think we should drop this matter.

● (1430)

Let us also look at what it would do to the Senate. In my view, this will be interpreted by the press as an attempt at censorship—and it is an attempt at censorship. What are we going to do? Ask them to retract the film? Make a new film? We will appear merely as a group of well-intentioned but misguided people who take something that has already been published and has appeared, and pick it over to try to prove that those who made that film were wrong. The press will not take kindly to it. I know there are many people in this chamber who do not take kindly to the press, but the press has more weapons than we have; they will have a field day with us. They will think that we are absurd, over-aged fuddy-duddies, interfering with a legitimate process—historical revisionism—in trying to tell a film maker, or any other creative person, how to do his or her job.

There was a committee called the Committee of Privileges in the other chamber which examined the behaviour of the press with respect to articles that appeared in *The Gazette* attacking certain political figures and certain of their businessmen associates. The reaction in the press was not favourable to that investigation, yet most people in the other chamber believed that they had the right to carry out that investigation.

The activities of that committee did not enhance its reputation. On the contrary, in the eyes of the press and in the eyes of the people, as the press presented the proceedings, the reputation of that committee was damaged. In the end, the weight of the evidence showed that perhaps the committee should have stayed right out of that area.

What I am saying to you, honourable senators, is that for the sake of Billy Bishop, let us not get into this argument. I would urge you to reject this motion by the Honourable Senator Molson, even though I appreciate he has the finest motives in proposing it.

Hon. George van Roggen: Honourable senators, I had not planned to speak on this matter but I do feel I should make one or two comments on the points made by Senator Gigantès.

First, I do not think that looking into the use of taxpayers' money by the National Film Board on a matter of this sort can be described as an attempt at censorship. If this were done in the private sector by any private film maker or book publisher, that would be acceptable in a free country such as Canada. The question that the committee can look at is whether or not taxpayers' dollars should be used by a collection of jerks to produce trash of this sort.

As for the old fuddy-duddies in the Senate being criticized by the press for looking into this matter, several of the old fuddy-duddies in this chamber were not old enough to fight in the First World War, but certainly were in the second. I cannot see why the committee should feel constrained to enter into a long debate with the producer and others involved in this film. I do not know whether I would, in fact, even call them before the committee. I think the committee can simply examine this matter on the question of whether or not this is a proper use of the money of the Canadian taxpayers, and for that reason I would certainly recommend that the matter be referred to the committee.

On motion of Senator Marshall, debate adjourned.

STRATEGIC DEFENSE INITIATIVE

GOVERNMENT ATTITUDE—DEBATE ADJOURNED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Gigantès calling the attention of the Senate to the Strategic Defense Initiative—(*Honourable Senator Hicks*).

Hon. Henry D. Hicks: Honourable senators, I do not think that I need make a very extended speech in relation to this inquiry initiated by Senator Gigantès. However, I do want to record the fact that I disagree entirely with the view that he has taken. I am enough of a scientist, having taken my first degree in science some 50 years ago, to know that the likelihood of achieving a satisfactory solution by the Strategic Defense Initiative is very remote. I am also enough of a realist to understand that if there is scientific information to be discovered, that it is impossible for men not to pursue that discovery, and I think that this is exactly what will occur from President Reagan's proposals for the SDI.

I do not use the term Star Wars. I think it is a great shame that that term was ever invented, because this is not what the Strategic Defense Initiative is. It is an attempt to develop a defensive system against intercontinental and other ballistic missiles. I think that we cannot afford not to pursue this endeavour, even though my best judgment as a 50-year out-of-date scientist is that I think it is highly unlikely that we will succeed. People have said that if only one per cent of the weapons get through, this will still be disruptive. I do not think there is any likelihood that we can devise an umbrella that will filter out 99 per cent of the weapons. In fact, I would be surprised if we could devise an umbrella that would filter out 80 per cent of the weapons. It is a terrible prospect.

However, there is no question that the research involved in this SDI project will have tremendously interesting spin-offs which will relate to all kinds of scientific activities, and I do not think that Canada can afford to be isolated from this research. Therefore, I would go completely the other way. I do not think that the Prime Minister was right in saying that Canada will not participate, but we will allow our universities and our business enterprises to participate. I think Canada should be in on this research and this project, and I think that we should have the advantage of the scientific and technical spin-off, which is bound to occur as a result of this great initiative.

Therefore I say with reluctance—because I respect his opinions very much—I differ with the view stated by Senator Gigantès. I think that Canada should be in on this project, but I would like it to be perfectly clearly understood that I do not expect that the result will be the creation of an umbrella which will protect us 100 per cent from intercontinental ballistic

missiles or anything like that. However, in my opinion, if the job is to be done, Canada ought not to stand on the sidelines. We ought to be involved; we ought to have the benefit of the technology and the scientific developments that are bound to accompany an inquiry of this terrific magnitude.

On motion of Senator Godfrey, debate adjourned.

THE SENATE

MOTION TO AUTHORIZE BROADCASTING OF PROCEEDINGS—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Davey, seconded by the Honourable Senator Frith:

That the Senate authorize arrangements for radio and television broadcasting of its proceedings and those of its committees,

And on the motion in amendment thereto of the Honourable Senator Phillips, seconded by the Honourable Senator Doody, that the motion be not now adopted, but that the subject-matter thereof be referred to the Standing Committee on Internal Economy, Budgets and Administration.—(*Honourable Senator Frith.*)

● (1440)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I do not intend to be very long in my intervention, simply because the Honourable Senator Davey has said almost everything I had intended to say when he introduced the motion. However, I do wish to say something about Senator Phillips' intervention and his motion in amendment. Senator Phillips suggested in his amendment that the matter be referred to the Standing Committee on Internal Economy, Budgets and Administration. I think that some honourable senators would question whether that is the appropriate committee to which to refer this motion. Some honourable senators may think that it should be referred to the Standing Committee on Standing Rules and Orders. I simply invite participation on that because I am not sure myself. Perhaps we should do what we have done on previous occasions; that is, refer the motion to the Standing Rules and Orders Committee and then to the Internal Economy, Budgets and Administration Committee, because there is a dimension to the amendment which raises questions that should be dealt with by the Standing Rules and Orders Committee, as well as questions that concern the Standing Committee on Internal Economy, Budgets and Administration.

With respect to the observations made on the main motion by the Honourable Senator Phillips, the thrust of many of his comments related to—and perhaps he was only joking—an aspect of the proposal that I do not think is relevant. He suggested in several ways and on several occasions during his intervention that there are facilities available for those honourable senators who wish to appear on television, implying that the only purpose of televising the proceedings of the Senate, and the proceedings of its committees, would be to give would be Thespians an opportunity to appear on television.

The question, of course, is whether the televising of the proceedings of the Senate would benefit the Senate and senators only because they are members of the Senate, rather than give them a personal benefit. I think it is clearly a question of weighing the pros and cons. I say that because, as honourable senators know, there are arguments to be made on both sides. Any senator could, if asked, take the brief for televising proceedings of the Senate and its committees and come up with many arguments in favour. I know that I could come up with many arguments against. So, what we are left with is an attempt to try to balance out whether, in the long run and on the whole, the Senate of Canada would benefit by the televising of its debates. I know there is divided opinion on this question.

For example, one issue we must weigh is the question of attendance. Those opposed to televising the proceedings of the Senate will say that there are some days when there is poor attendance in the chamber, and that would reflect badly on the Senate. For example, today I see perhaps 30 or 35 senators present; last Thursday, 80 honourable senators were present. That translates into about 80 per cent. That attendance record is spotty, but it is spotty in the other place as well.

I base my judgment on this question on the experience gained by the televising of the proceedings of the House of Commons. The House of Commons has benefited immeasurably from the televising of its proceedings. It, too, has had its ups and downs. We all know that there have been problems. But, on balance, I believe Parliament has benefited by the televising of the proceedings of the House of Commons.

If the proceedings of the Senate were televised, the Canadian public could see what actually takes place in the Senate, not only in terms of attendance, but in terms of the quality of debate. In my opinion, the quality of debate in the Senate is better than the quality of debate in the House of Commons; therefore, we have nothing to be ashamed of and nothing to be hesitant about in terms of showing the country what the Senate of Canada does.

Will there be criticisms? Will there be negative results? Of course there will. Again, the question is: On balance, will the Senate suffer more from having its debates televised than it would if they were not? It seems to me that there is no doubt that by having the people of Canada see what takes place in the Senate—and we know that most of them have no idea what takes place in the Senate and that some of them do not even know that a Senate exists—the Senate will benefit. The Canadian people will then know what the Senate actually does.

Another important dimension of our work is that done by the Senate committees, and honourable senators are proud of the work done by Senate committees. I venture to say that there is not one senator who, on some occasion, has not boasted about the work done by Senate committees, and for good reason. Many times during a Senate committee hearing I have wished the proceedings were being televised so that the

Canadian people might see the level of investigation, the virtual absence of partisanship, and the informed line of questioning pursued by senators. They would also have seen how legislation has been improved and other inquiries have been more meaningful from studies undertaken by Senate committees. Again, on balance, there is no doubt that televising the proceedings of the committees of the Senate would benefit the Senate.

Those who accepted appointments to the Senate did so because they believed in the Senate. They believe that the Senate does good work for the country, has done good work for the country and will continue to do good work for the country. They continue to be senators because of that. They attend Senate sittings because they believe there is useful work to be done, and they attend meetings of committees because they believe there is useful work to be done for the country. With the media means at our disposal up to now, including the press, *Hansard*, radio, print in various other forms—in articles and reviews—for over one hundred years we have not really been able to communicate why we think the Senate serves a useful purpose, and that senators work hard and effectively at their jobs. We have not been able to do that; television, in my view, will do that.

Therefore, I support the main motion and have only some reservations as to the committee to which the matter should be referred. I do not think there is any question that the Senate should decide in favour of the principle of televising its debates and the proceedings of its committees. After doing so, the Senate should refer the matter to the Standing Committee on Standing Rules and Orders, or to the Standing Committee on Internal Economy, Budgets and Administration.

On motion of Senator Doody, debate adjourned.

● (1450)

[*Translation*]

END OF DECADE WOMEN'S CONFERENCE

MEETING HELD AT NAIROBI, KENYA

Hon. Paul D. David rose pursuant to notice of Thursday, September 19, 1985:

> That he will call the attention of the Senate to the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women: Equality, Development and Peace, held at Nairobi, Kenya, from 15th to 26th July, 1985.

He said: Honourable senators, before expressing some thoughts inspired by the World Conference on the United Nations Decade for Women, I wish to thank you for your cordial and friendly welcome since my swearing-in on April 25 of this year.

When I accepted the responsibilities of a senator, it was because I was tempted to follow in the footsteps of my grandfather, Laurent-Olivier, who was appointed to the Senate by Sir Wilfrid Laurier in 1903, and my father Athanase, appointed to the Senate by Mackenzie King in 1940.

[Senator Frith.]

I feel a little like Laurent-Olivier, who wrote in the preface to his last book, "Au soir de la vie" (1924):

> I believe that when a man has been involved in all the things of this world for more than 50 years . . . he should say what he has seen and observed, pointing out what could be useful to his fellow citizens and guide them, helping them avoid the errors and mistakes he may have made himself. At a time in life when he is no longer driven by passion or self-interest, I think a man has a right to believe that his comments and advice are of some value.

I would like to quote a passage from the book "En marge de la politique" by Athanase David (1934), Chapter 3, (page 180), which I find illuminating.

> Only one quality can enhance the strength of an ideal that is deeply anchored in the history of a nation and that is an optimism that is both prudent and reasonable . . . Let politicians remember the role they are supposed to play. They must give instructions. They must tell the people the truth about what our goal is. And our goal, the only one we can consider without betraying our traditions, is to perpetuate in Canada the concept that formed the basis for the creation of this country.

I was very moved by what was said by Senator Riel, who paid tribute to my mother, the daughter of a politician who was a minister in Quebec City and the niece of an uncle who was a minister in Ottawa. She was a woman of action, who dedicated her life to music, creating the Montreal Festival and the Montreal Symphony Orchestra, and who did so with endless patience and perseverance. It was her dedication that gave me a taste for action and for challenging situations. It was her example that led me to found, direct and develop the Institut de Cardiologie de Montréal.

At the end of my 31 years' service at this centre for hospital care, teaching, preventive medicine, rehabilitation and research, I was looking forward to my retirement when I would be able to concentrate on reading and writing, philosophy and working with volunteer community and health organizations.

A surprise call from our Prime Minister, the Right Honourable Brian Mulroney, put an end to my retirement of three and a half months! I am counting on your goodwill and experience, honourable senators, to help me appreciate the joys of politics, avoid its pitfalls and maintain at all times the requisite will to promote essential values, and ensure that our young people will have a future full of hope, peace and success, in a country known for its tradition of hospitality, understanding, mediation, diversity and progress.

I am ready to serve those admirable objectives to the best of my knowledge and ability. You can count on my co-operation, my work, my availability and my friendship.

Honourable senators, before starting my report on the United Nations Conference on the Women's Decade, I would like to add, of course, honourable "sénatrices".

Kenya's capital became last July the world capital of women, with the attendance of approximately 3,000 delegates at the conference, and 8,000 others at the non-government body forum.

That historic event certainly will have spin-offs in all countries, especially developing countries. Even though official speeches did not always reflect a verifiable reality, each delegation head pointed to the considerable efforts made in his or her country for promoting women.

Women have become very much aware that they represent 50 per cent of humanity. In order to act and succeed, they rely on global solidarity, which is reflected in an ideal of change, transformation and sharing.

That new power of women will have to be accepted, assumed and shared in every area of human endeavour. In order to reach the goals set, the conference agreed on objectives for the year 2000.

These objectives are stated in a manifesto containing approximately 350 sections. The media placed much greater emphasis on 50 odd proposals that could hardly make unanimity, than on the 300 others that were approved as submitted by the drafting committees. After many speeches, negotiations, compromises and amendments, the over-all document finally was accepted *in extremis* by consensus, on Saturday the 27th at about 4 o'clock a.m.

A reading of that document is strongly recommended to all men and women who have confidence and believe in a better and different world, thanks to the active, equal and idealized participation of women. I personally doubt that a miracle, even a feminine one, might speedily change the traditions, habits, behaviours and systems of the various civilizations that have been sharing our planet for thousands of years.

Indeed, is not the over-all objective of universal happiness a dream that has always haunted our thoughts? It is perhaps the more or less depressing failure of this male-dominated world that should encourage us to trust and share that feminine ideal. In order to reach that goal, all countries join together in proposing as a priority three essential means: equality of the sexes, peace between nations within an absolute respect for their autonomy, and a better balanced economic sharing.

One of the most positive results of the Decade of Women seems to have been a gigantic effort by all countries to try to correct the countless forms of discrimination faced by women. The heads of delegations, the great majority of which were women, each in turn described a favourable evolution: less restrictive access to education, better accessibility to college, professional and university training, equal pay for similar work, the right to vote, greater representation at the political, administrative and economic levels, and increasingly egalitarian legislation.

Despite those obvious efforts, most countries are still a long way from reaching that objective. Nonetheless, it is gratifying to see in everyone such an egalitarian concern and a political determination to eliminate within the best possible time frames the traditional forms of discrimination.

• (1500)

On the other hand, it is difficult to imagine the prospective autonomy of women in some countries, especially developing countries, with such high levels of reproduction rates and heavy burdens of work in the homes and in the fields. For example, the reproduction rate of Kenyan women exceeds seven, while that of the Canadian woman is barely two. Where is the equilibrium to be achieved? Neither in the perspective of overpopulated poor countries, nor in that of underpopulated rich countries. How can we harmoniously reconcile the evolution of a society with that of its individuals? In either direction, excesses will have regrettable consequences.

Peace, that most enviable goal, gave rise to many conflicts which threatened the success of the conference until its very conclusion. I must stress here, with immense satisfaction, the exceptional mediation role played by the Canadian delegation. Its members, especially the Hon. Minister Walter McLean, the High Commissioner in Kenya, Mr. David M. Miller, and Mmes. Maureen O'Neil and Julie Loranger, did an excellent job of conciliation and writing to put together texts which would be acceptable by all the groups which made up the General Assembly.

There are many obstacles to peace, such as racism, imperialism, interference with self-determination, the arms race, the state of war between certain countries and the lack of a country for certain wandering populations. As it concerns these very current issues, the words of women are strangely similar to those of men: they show the same aggressiveness, and the same argumentation, not to say the same fanaticism.

On the other hand, it is easy to understand the anxiety of the millions of women now involved in the process who suffer from the lack of any concrete hope for a short-term solution. They want to take action and to put right this violent world which, until now, has been largely dominated by men, who have been the major decision-makers. They want to play an active role of prevention and negotiation, and why not?

The representatives of developing countries insistently and urgently ask the wealthy countries to review the rules of the world economy game. For some of these countries, the famine was a catastrophe which decimated populations and forced thousands of residents to exile themselves in countries just as poor as they are. For others, export is the only way to achieve progress, on the condition, however, that they produce consumer goods and can ask prices that will be sufficient to improve their own standard of living. Finally, indebtedness has been worsened by increasingly harmful unemployment rates.

This tension gave rise to several vigorous and aggressive resolutions. However, compromises on wording cooled down the debate. It still remains that these softened resolutions hide glowing embers which the nations of the world would have every reason to consider positively before it is too late.

For us who live in Canada, our standard of living is naturally in great contrast to that of the enormous populations of African and Asian countries. We have heard the sometimes desperate pleas of these women, who have expressed their

anxiety and have indirectly asked us for our understanding, help and solidarity. Our duty to share is obvious. However, do we have the financial means to do our duty without accepting individually and collectively a few essential sacrifices and constraints?

These countries do not have the means to reach a minimal standard of living. However, for our part, will we really be able to maintain our own standard of living, which is becoming increasingly superficial as our debt grows larger? These countries that think us wealthy have at least the hope to achieve wealth. As for us, who are indeed wealthy, can we accept being a little less so?

I would like to close by quoting passages from two books which deal with lucidity and courage with the status of women in Canada.

In 1971, Mrs. Thérèse Casgrain, who sat in this house for nine months, concluded her book "Une femme parmi les hommes" with the following remarks:

> In spite of the few steps forward women have made toward their emancipation, they remain the prisoners of our society's prejudices. Our society must rid itself of its old notions of racism, violence and snobbism . . . The true liberation of women will not happen without the liberation of men . . . The challenge both men and women will have to face is that of living for a peaceful revolution—

More recently, in 1983, Mrs. Lysiane Gagnon, a journalist for the Montreal newspaper *La Presse*, concluded her book entitled "Vivre avec les hommes," with the following comments:

> Sharing is based on mutual support and tenderness, it stems from love . . . Both men and women will benefit from their companions becoming fullfledged human beings and able to realize their most diverse aspirations. Love is only possible between equals. Otherwise, it is a constant and relentless power struggle, where each individual tries to negotiate, bypass, dominate or intrigue, force and manipulate. In this sense, it is indeed a new humanism which more and more women are proposing to men, a new humanism and a new way to love.

In the end, the thoughts of these two Canadian women are in line with the preoccupation of the Women's Conference in Nairobi.

I am pleased to have been your representative with the Canadian delegation. Nairobi was a stimulating experience which will remain a major step in the promotion and development of women. To conclude, may I suggest the future creation of a committee with equal representation, which could reconsider, with a Canadian perspective, the objectives of the conference and suggest means to reach the proposed objectives.

Honourable senators, I thank you for your kind attention.

Hon. Philippe Deane Gigantès: Senator David, the comments you have just made demonstrate qualities of which honourable senators and others have been aware for a long time.

You are a generous man, a great heart. As a matter of fact, you have taken care of a great many of them!

It is an honour for us to have you here. Thank you.

The Hon. the Speaker: Since no other honourable senator wishes to take part in this debate, this inquiry is deemed to have been debated.

[*English*]

BANKING, TRADE AND COMMERCE

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTINGS OF THE SENATE—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government), for Hon. Lowell Murray, pursuant to notice of Thursday, September 19, 1985, moved:

> That the Standing Senate Committee on Banking, Trade and Commerce, which was authorized by the Senate on June 25, 1985, to study and report upon the documents entitled: "The Regulation of Canadian Financial Institutions: Proposals for Discussion" and "Final Report of the Working Committee on the Canada Deposit Insurance Corporation (CDIC)", have power to sit at three thirty o'clock in the afternoon on Wednesdays and at three o'clock in the afternoon on Thursdays for the duration of the above-mentioned study, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

• (1510)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I am sure there is no objection to this motion, but I wonder if I might adjourn the debate for one day. I make this request so that we may have a chance to consult. We will not put it off; we will deal with it tomorrow.

On motion of Senator Frith, debate adjourned.

POST-SECONDARY EDUCATION

MOTION TO AUTHORIZE NATIONAL FINANCE COMMITTEE TO STUDY GOVERNMENT ACTIVITIES ON POST-SECONDARY EDUCATION AND TRAINING WITHDRAWN

Hon. Fernand-E. Leblanc (Saurel), pursuant to notice of Thursday, September 19, 1985, moved:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the activities of the Government of Canada in its financial commitment to the support of post-secondary education and training; and
>
> That the Committee have power to engage the services of such professional, clerical and other personnel as may be necessary for the purpose of the said examination.

He said: Honourable senators, last Thursday, September 19, I presented a Notice of Motion in this chamber. I would like to make an alteration to that motion.

With leave of the Senate and pursuant to rule 23, I would like to modify my motion to read as follows:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the activities of the Government of Canada in its financial support of post-secondary education and training; and

That the Committee have power to engage the services of such professional, clerical and other personnel as may be necessary for the purpose of the said examination.

The wording of the modified motion, which I have just read, is in keeping with the wish of the steering committee and with the wish of the National Finance Committee, members of both of which reviewed and approved the wording I have just read when it was discussed in committee on Thursday last.

Somehow, and quite inadvertently, the phrase "... Government of Canada in its financial commitment to the support of post-secondary education and training" crept into the Notice of Motion. It was not supposed to. The phrase "commitment to" had been proposed to, but expunged by, the steering committee.

The phrase which was approved and was supposed to appear in the Notice of Motion was to have read: "... Government of Canada in its financial support of post-secondary education and training;" as it does in the modified motion I have just read to honourable senators.

[*Translation*]

In the other official language, the following phrase will be amended:

... du gouvernement ayant trait à ses engagements financiers à l'appui de l'enseignement postsecondaire et la formation professionnelle;

It should have read:

... du gouvernement ayant trait à son appui financier à l'enseignement postsecondaire et à la formation professionnelle;

I ask for leave to amend the motion. I will explain it later.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion as amended by Senator Leblanc?

Hon. Royce Frith (Deputy Leader of the Opposition): Will you explain it, Senator Leblanc?

Senator Leblanc: I will discuss the amended motion.

Senator Frith: Have we reached the point of approving the amendment to the motion?

The Hon. the Speaker: Shall the motion as amended by Senator Leblanc carry?

Senator Leblanc: We are only dealing with the amendment.

Senator Frith: We are dealing with the wording of the motion as amended by Senator Leblanc, on which we are agreed. We are not now dealing with the main motion.

[*English*]

Hon. Duff Roblin (Leader of the Government): Your Honour, as I think someone has said, it not a question of amending the motion, because the mover cannot do that without consent. Would it not be better to withdraw the motion and, thereafter, submit the proper one? We can all have a look at it tomorrow. I understand from my colleague here that there is really no problem with the modified version, but perhaps that is the best way to go about it.

Senator Frith: Either way would require our consent. Certainly, we on this side of the chamber consent to the rewording of the motion or to its withdrawal and its being re-presented as reworded.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, for the sake of the record and for clarification, perhaps we should defer the matter until tomorrow and get the correct wording on the order paper. I know exactly what the honourable senator is talking about; I was privy to the discussions and changes of the wording. I did not for a minute expect that the unexpunged version would show up on the order paper. For the sake of the record, perhaps we can proceed with a new motion tomorrow.

Senator Leblanc: Is it agreed, honourable senators, that I read the motion as amended? No?

[*Translation*]

The Hon. the Speaker: Honourable senators, it is now proposed that the amended motion be presented tomorrow for the approval of the Senate.

Senator Frith: In the meantime, we agree to Senator Leblanc's withdrawal of his motion as it now stands.

The Hon. the Speaker: Do you agree to the withdrawal of the motion now under consideration?

Hon. Arthur Tremblay: I should like to make a comment.

Senator Leblanc: I have to ask leave to withdraw the motion. It is the usual procedure. It is normal that I be the one to ask leave to withdraw the motion.

Hon. Eymard G. Corbin: Once the motion has been withdrawn there will be no further items on our agenda.

Senator Leblanc: It is normal that I should ask leave to withdraw the motion.

The Hon. the Speaker: Honourable senators, is leave granted to withdraw the motion?

Senator Frith: Yes, Mr. Speaker.

Senator Tremblay: With respect to the reworded motion, may I be allowed to point out to Senator Leblanc—

Hon. Philippe Deane Gigantès: There is no longer any motion under consideration.

Senator Tremblay: It is merely a matter of wording.

Senator Corbin: Has the motion been duly withdrawn?

The Hon. the Speaker: Yes.

Senator Corbin: If such is the case, we have no more business. We are speaking in a vacuum. What are we doing at this moment?

Motion withdrawn.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, September 25, 1985

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

Prayers

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FOURTEENTH TO SEVENTEENTH REPORTS OF COMMITTEE TABLED

The Hon. the Speaker, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's fourteenth, fifteenth, sixteenth and seventeenth reports approving budgets of the following committees:

Legal and Constitutional Affairs;

Agriculture, Fisheries and Forestry;

National Finance; and

National Defence

(*For text of reports see today's* Minutes of the Proceedings of the Senate.)

[*Translation*]

POST-SECONDARY EDUCATION

NOTICE OF MOTION TO AUTHORIZE NATIONAL FINANCE COMMITTEE TO STUDY GOVERNMENT ACTIVITIES ON POST-SECONDARY EDUCATION AND TRAINING

Hon. Fernand-E. Leblanc: Honourable senators, I give notice that tomorrow, Thursday, September 26, 1985, I will move:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the activities of the Government of Canada in its financial support of post-secondary education and vocational training; and
>
> That the Committee have power to engage the services of such professional, clerical and other personnel as may be necessary for the purpose of the said examination.

QUESTION PERIOD

[*English*]

FISHERIES AND OCEANS

SALE OF CANNED TUNA UNFIT FOR HUMAN CONSUMPTION—EXTENT OF KNOWLEDGE OF MEMBERS OF GOVERNMENT

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, my question is for the Leader of the Government in the Senate. It relates to the tuna matter and is prompted by the confusion that surrounds this issue day by day.

The first indication of confusion arose when the Minister of Fisheries and Oceans and the Prime Minister appeared to disagree on when the Prime Minister first knew about this, and if not the Prime Minister himself, then the Prime Minister's Office. It is because the Prime Minister is involved and, I think, the Prime Minister's credibility, that the confusion should be settled. I am asking the Leader of the Government in the Senate to try to take some action to clear this up, because of his reputation as an experienced politician and a pretty cool customer, because the matter has not been characterized by actions taken by cool customers to date.

The Prime Minister said that he took immediate action as soon as he knew about the matter. He said the date on which he first knew about it was when the CBC program was aired.

The latest confusion, and certainly the latest grounds for doubting the credibility of the Prime Minister—a serious matter, of course—results from what a Conservative Member of Parliament, Fred McCain, has said, that is that he raised this question of the release of this doubtful and disapproved tuna with the Prime Minister before the program was aired. Apparently, that statement was changed again adding more to the confusion. Therefore, I ask the Leader of the Government if he can tell us, and through us the people of Canada, whether Mr. McCain raised the issue of the million cans of tainted tuna with any members of the government at any time before the program was aired and, if so, with whom?

• (1400)

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have not seen the report to which my honourable friend refers but I willingly accept his word that that is the report. It appears that there are now two reports—namely, the original statement and a correction.

Speaking for myself, the issue was not raised with me and I think that it would be appropriate for me to take the question as notice so that I can ask some of my colleagues if it was raised with them. I certainly have no knowledge of it.

BANKING

CANADIAN COMMERCIAL BANK AND NORTHLAND BANK—DEPOSIT INSURANCE—GOVERNMENT POLICY

Hon. H. A. Olson: Honourable senators, I should like to raise a question with respect to the undertakings, guarantees and so on that have been given by the government to the depositors in the Canadian Commercial Bank and the Northland Bank. I raised this question yesterday and I do so again

today because I think there are a number of people whom I could quote, although I recall my own objections to quotations from newspapers when I occupied the position of Leader of the Government—

Hon. Duff Roblin (Leader of the Government): This is one time we won't object.

Senator Olson: I am not asking you to confirm or deny the newspaper report, but I will quote it just for background information.

Senator Flynn: Go ahead. Don't worry.

Senator Olson: It states:

> The Canadian Commercial Bank and the Northland Bank might be the last to automatically receive total insurance on their $900-million of deposits over the $60,000 insurance limit.

That quote was in a national newspaper and in several others as well. That leads some of the people who have those deposits to believe that they have 100 per cent guarantee even beyond the $60,000 limit.

The reply yesterday was that there was no undertaking given, that the Leader of the Government knew of, respecting the deposits of Northland because it had not reached the stage where any would be expected, but it was said that the particular situation with respect to certain statements and undertakings that had been made some time earlier respecting the CCB justified the 100 per cent undertaking that the government took and made a commitment to.

Senator Roblin: I am very conscious of the fact that while ministers may make statements, Parliament will ultimately decide. The ultimate disposition of this question will depend on what happens when legislation has been introduced, but certainly it would be the intention of the government to propose such legislation, particularly with respect to the CCB. My honourable friend did ask me yesterday about the Northland Bank and I told him that, to the best of my knowledge, no statement had been made. The second time around, I entered the caveat that I would like to be perfectly sure I am correct. Therefore, I took that question as notice and, when I receive a reply, one way or the other, I will let my honourable friend know.

● (1405)

Senator Olson: I have a supplementary question, and whether or not we get a reply today is not important; tomorrow or some later day would suffice.

The Leader of the Government, in response to the question respecting the guarantee given to depositors with the CCB, said that that policy "was dictated by the circumstances of that particular situation because certain statements had been made and undertakings had been given by various authorities which bore on the decision to act" in the way the government did. Could we have a little expansion on the particular situation—what statements were made, and by whom?

I want to be perfectly clear about this and that is why I am asking this question. It seems to me that we are getting very close to a situation where some statements may have been given by people who did not have the authority to commit the government. If that has happened, I think we should know about it because in this situation we are not talking about some small change. There is, or appears to be, almost $1 billion at stake in this situation.

Senator Roblin: I appreciate the point my honourable friend is making. I think, however, that rather than attempt to debate the issue or to define the circumstances in Question Period I would be better advised to say that those matters will be completely exposed or explained when the bill comes before us. That is when we will be trying to justify the bill and when we will be making statements as to the basis on which that recommendation is made.

Senator Olson: Honourable senators, my purpose in raising this matter today is to alert the Leader of the Government to the fact that there is some curiosity about this and we will be asking about it.

Senator Roblin: I thank my honourable friend. There is more than curiosity; there is real concern on the part of the people in the Northland Bank as to what happened to their money, and no one shares that concern more than members of the government. We are most anxious to come to a final decision on the matter. I tell my honourable friend that when that is possible we will be as prompt as we can in advising him.

Hon. Ian Sinclair: Honourable senators, I have a supplementary question. Is it the policy of the government to carry out assurances given by the Governor of the Bank of Canada?

Senator Roblin: I believe the answer I gave to my honourable friend, Senator Olson, applies to the question asked by my honourable friend, Senator Sinclair, because the question as to who said what to whom and what guarantees were offered, I think, will all be dealt with in the bill. That certainly will form part of the discussion which will take place in the committee of this house with respect to that bill when it is received.

I think it is appropriate to suggest that those inquiries would be better placed at that time.

Senator Sinclair: Honourable senators, the reason I asked the question was because yesterday, at page 1267 of *Debates of the Senate,* I asked the Leader of the Government in the Senate certain questions. Part of one of my questions was as follows:

> . . . the reason I phrased the question as I did was because of the honourable senator's statement, in answer to Senator Olson, that government officials had given assurances in regard to CCB deposits.
>
> He seemed to indicate that he knew of some assurances given in that regard, and I was asking whether any assurance of a similar nature from similar people or their assistants was given to the banks.

● (1410)

Arising out of that my question is: If senior government officials gave assurances to the banks that their advances would be treated as if they were deposits, upon liquidation of

the CCB, will the government stand behind them to ensure the protection of the shareholders of these banks?

Senator Roblin: I re-read *Hansard* this morning, I must confess, and my honourable friend has quoted me correctly. I have come to the conclusion that I had better allow Governor Bouey to speak for himself rather than interpret his views through my statements during Question Period. I think that it would be more satisfactory to my honourable friend and, indeed, fairer to the governor of the bank if I allowed him the opportunity to explain his statements when the time comes.

Senator Sinclair: I am sure that all honourable senators respect Governor Bouey and would want him to have an opportunity to comment on what he had to say. That, however, is not my question. My question is this: What is the government policy? Government policy to support statements made by the governor of the bank is one thing. I can understand that. My question is: Is it government policy to support statements that may have been made by senior officials to the banks with regard to the protection of moneys advanced by the banks at the request of the government?

Senator Roblin: I think government policy in that regard will be perfectly clear when the bill respecting the CCB comes down. Those matters will be part of the legislation or, if they are not, they will be legitimate subjects for examination at that time.

Senator Sinclair: Am I to take it from the honourable senator's reply that a bill will come down and that that bill will deal with the position of the banks in terms of whether they are to recover the moneys they advanced at the end of March?

Senator Roblin: My honourable friend will have to wait until he sees the bill in order to find out whether it contains that specific provision. If it does not, he will be perfectly at liberty to examine the question at that time.

Senator Olson: The obvious question is: Does the government now have a policy with respect to this whole matter or are we to see what the policy might be when the bill comes in? That is the question. What is the policy? If the government does not have one, perhaps the minister could say that.

Senator Roblin: The government has a policy, all right, but I believe that it is customary for government policy to be expressed in a bill. That is where honourable senators will find it.

CULTURAL HERITAGE AND NATIONAL IDENTITY

GOVERNMENT POLICY

Hon. Keith Davey: Honourable senators, on June 19, 1985, while speaking in the debate on the Investment Canada bill, I posed a series of nine specific questions about the government's attitude towards our cultural independence. I stated that they were not rhetorical questions and that I was anxious to find out how seriously this government takes its commitment to Canadian cultural survival. Perhaps it is because I did not put these questions forward in Question Period that I have not yet received any reply. If I may, then, I will put the nine questions on the record for the benefit of the Leader of the Government.

(1) Will this government continue to guarantee that all newspapers published in Canada, and all radio and television cable stations in Canada, will continue to be owned and operated by Canadians?

(2) Will this government give Canadians an ongoing commitment to public broadcasting in general, and to the CBC in particular? Can we be assured that the CBC, as we know it, will continue to serve Canada?

(3) Will this government continue to enforce Canadian content requirements on both radio and television?

(4) Will this government continue to protect Canadian magazine publishers by continuing to eliminate the tax deduction for Canadian advertisers buying space in American media?

(5) Will this government commit itself to the policy of its Liberal predecessor when it comes to government advertising? That is, that all advertising on behalf of the Government of Canada, appearing in Canada, will be created and executed exclusively by Canadian advertising agencies?

(6) Will the government continue to support Canadian broadcasters with such all-important policies as the substitution of simultaneous American programs on cable, the deletion of American advertising on cable, and, of course, the aforementioned elimination of the tax deduction for Canadian advertisers buying time on American television?

(7) What specific steps is the government prepared to take to protect the Canadian book publishing industry?

(8) What specific steps is this government prepared to take to protect the Canadian film industry?

(9) Will this government guarantee the future of the Canadian Football League by spelling out in specific terms that American professional football will be neither desirable nor welcome in Canada?

I have an additional question today for the Leader of the Government. As he knows, Time Inc. abandoned its Canadian ownership nearly ten years ago, after the Liberal government passed a law that stated that advertising could not be a deductible tax expense unless it appeared in a periodical that was 75 per cent Canadian owned and had 80 per cent Canadian editorial content.

Honourable senators, directly as a result of this legislation, the Canadian magazine industry flourished as never before. For example, *Macleans* doubled its advertising revenue and was able to become a Canadian weekly news magazine.

Time Inc. in New York is now attempting to resurrect a Canadian edition in a joint venture with Comac Communications of Toronto.

Senator Flynn: Ask the question!

Senator Davey: Comac would have 75 per cent control of a revised Canadian edition of *Time* while Time Inc. would put up $20 million for 25 per cent control.

Senator Flynn: Come to the question.

Senator Davey: I am coming to the question. This neat little arrangement would require Revenue Canada's approval under section 19 of the Income Tax Act, which was designed as an advertising shelter for Canadian magazines.

Senator Flynn: Order!

Senator Davey: Can the Leader of the Government confirm—or, I hope, deny—the assertion by a Comac director that Revenue Canada has already ruled that this scheme does meet all of the necessary requirements?

Senator Flynn: Good speech.

Hon. Duff Roblin (Leader of the Government): Honourable senators, yes, I do recall my honourable friend's speech of June 19. It was so kind of him to repeat it. I am now doubly informed. I can say to my honourable friend that he knows as well as I do that the questions he has asked are not susceptible of being answered during normal oral Question Period. However, I can assure him that in view of his interest in the problem, and my interest in him, I will read his questions over very carefully to ascertain those to which I may properly reply. In that case, I will regard those as an order for return.

Senator Davey: Honourable senators, in particular, there is some current relevancy to my tenth question relating to *Time* magazine.

Senator Flynn: We have heard that. You have already made a speech on that point.

Senator Davey: I hope the honourable senator enjoyed it. I hope that we shall get the answer more quickly—

Senator Flynn: I have heard it three times.

Senator Davey: You will hear it again and again. I have a further supplementary question. Recently, the Prime Minister appeared on the Betty Kennedy show on CFRB, Toronto, and said that he was aware of this new so-called Canadian edition of *Time,* but that he was aware of "nothing to give it much credence."

In view of the government's repeated assertion that it is protecting our cultural integrity, can the leader confirm that the Prime Minister is, in fact, prepared officially to reject this new proposal?

Senator Roblin: Honourable senators, I can confirm that the advertising policy of the present government is considerably different from that of its predecessors. To begin with, it is a lot less. We are spending a lot less money in that particular field.

Senator Davey: I want to know if—

Senator Roblin: The honourable senator has made his little speech, and I guess I will now make my little speech. The advertising policy is different, because we are not spending so much money on that particular aspect. I must tell my honourable friend that our economies in advertising will be widely appreciated by the Canadian public. There will be no more of those little geese flying around on my television screen, or any of those indications of Canadian sovereignty which my honourable friends failed to deliver on during their term of office.

Senator Frith: You are getting a lot of free advertising in connection with tuna.

Senator Roblin: Well, tuna is a pretty good issue these days. We will have lots of fun on the fish front. My honourable friends are encouraged to make the most of it, because they will find that—

Senator Frith: There will be another like it before long.

Senator Roblin: Well, there usually is something new to come along from time to time. I, for one, am well prepared for these little incidents that occur. If they provide my honourable friend with some amusement, I certainly would not object.

• (1420)

With regard to the Canadian football situation, I am glad to know that it has been elevated to an item on the agenda of the state. I shall certainly have to try to answer my honourable friend's question, for I know perfectly well that until I do he will not give me any peace. He wants to see this subject pursued to the bitter end, and I will do what I can to oblige him.

With regard to the *Time* matter, all we know, from what my honourable friend has said, is what is reported in the papers and the statement made by the Minister of National Revenue, none of which adds up to a concrete action in respect of the proposal to re-institute *Time* in Canada. That is a subject to which the government will certainly give its attention, as and when it becomes a matter that is properly before it.

What I do want to say is that we will take second place to no one in our concern to preserve the cultural integrity of this nation. We are as well aware as any other group of Canadians of the importance of culture in our economy, in our social structure and underlying our individual Canadian sovereignty and nationality. We understand these things very well, and I would not like it to be thought from the series of questions that have been posed that the government is weakening in any way in its adherence to that principle. It does not mean that every little breeze that blows in the cultural field is important enough to attract the attention of the administrative arm of the state. However, many items in the field of culture will attract the support of the organs of the state. I might also say that in spite of some of the controversy there may be in the public at large, the present Minister of Communications is well aware of his responsibilities in this matter, and I think he can be relied upon to discharge those responsibilities in a manner which is suitable.

Senator Frith: I guess one good speech deserves another.

Senator Davey: Honourable senators, I spoke favourably of the minister in my speech, and I accept both the comments made by the leader and the spirit in which they were made. However, if the government lets *Time* in the back door, it will make a mockery of what it has been saying.

Senator Frith: Well said, sir.

Senator Roblin: My honourable friend need not become indignant until he sees how the facts develop. My suspicion is that he will find himself well satisfied.

AGRICULTURE

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ACTION

Hon. Hazen Argue: Honourable senators, I have a question for the Leader of the Government in the Senate. As he may know, a major rally is to be held in Saskatchewan, in front of the legislative buildings, this coming Friday at about noon. Farmers and their leaders are very concerned that the government has made no announcement of assistance, particularly to the grain producers in the drought areas in western Canada and especially the drought area in Saskatchewan.

I am wondering if the Leader of the Government can tell the Senate whether or not there will likely be an announcement before the rally or even at the rally. The producers anticipated an announcement before this time and are certainly anticipating one by the time of the rally. Can the leader say whether some encouraging news may be forthcoming?

Hon. Duff Roblin (Leader of the Government): Honourable senators, this must be the second, third, or is it the fourth time, that my honourable friend has encouraged me to make some announcement on behalf of the government with respect to this very serious problem. I think I told him on the first occasion that the matter is being studied by a special committee that is on the spot and that its recommendations will be available shortly. I think I told him that it is unlikely that that report will be available for the end of the month, and I have no information that would indicate any change.

Senator Argue: Honourable senators, I might just say that that is disappointing news to me. For the information of the Leader of the Government, this rally was originally to be staged on September 6. It was postponed for three weeks in the belief that there would be an announcement forthcoming from the government within that period and that the producers would have something of a positive nature to discuss at that rally. I learned this information from those who are leading the rally.

Senator Roblin: Without being able to give any detail, I am under the impression that, when the statement is made, it will be found to be a considerable improvement over the present situation. However, I have to tell my honourable friend that, while I appreciate his interest, there is no use in nagging me, if I may use his expression, to get the answer before it is ready. It cannot be produced without full consideration by a number of government departments, and from his own experience my honourable friend knows that this is not always a quick and easy process. We are sympathetic and we intend to do the best we can, but I will have to ask my friend to be patient until we have the information.

[Senator Davey.]

Senator Argue: I understand what the Leader of the Government is saying, but I do think that individual senators have a duty to raise these questions in the Senate. From past experience I am quite certain that what we say filters through to the authorities and sometimes may result in some action a little earlier than would have been the case if we had not raised the matter.

Senator Roblin: I would not like my honourable friend to think I was trying to discourage him. I regard that as an impossible task, to begin with. Even if it were possible, I would not like to try it.

Senator Frith: You are on the right track.

Senator Roblin: I have no objection to his asking the questions, but I am trying to be as candid as I can with him about the timing of the answers that I am able to give.

Senator Argue: We will weep for another 48 hours, then.

Senator Flynn: You can do that for a much longer period. You can weep all the time.

CROWN CORPORATIONS

POSSIBLE PRIVATIZATION OF PETRO-CANADA

Hon. Stanley Haidasz: Honourable senators, I have a question for the Leader of the Government in the Senate. I would like to ask whether the federal government's policy on privatization of crown corporations applies also to Petro-Canada.

Hon. Duff Roblin (Leader of the Government): In a general way, I can say that the principle of privatization will be considered in respect of any crown corporation. However, I am not in a position at the present moment to deal with his specific request for information about Petro-Canada, because that is a matter which, if and when it becomes ripe, is one which the minister in that department will be the first to announce, although I may be given the second chance at it. I cannot give my friend any information of a positive nature at the moment.

Senator Haidasz: I have a further question for the Leader of the Government in the Senate. Are we, then, to understand that the present rumour on Bay Street that blocks of shares of Petro-Canada are imminently for sale is false?

Senator Roblin: I know my honourable friend does not expect me to confirm or deny rumours on Bay Street.

BANKING

COLLAPSE OF CANADIAN COMMERCIAL BANK—PROTECTION OF PENSION FUNDS

Hon. Charles Turner: Honourable senators, I have a question for the Leader of the Government in the Senate. Last Friday, I attended a banquet to mark the fortieth anniversary of the CNR Credit Union, in London, Ontario. At that banquet I was asked a great many questions about the CNR

and Air Canada pension funds that were on deposit with the Canadian Commercial Bank.

As honourable senators will recall, on March 29, I asked the Minister of State (Finance) a series of ten questions during her attendance here in this chamber. One of the answers the minister gave me at that time was:

> I just want to assure the honourable senator that the pension fund is safe because there is a combined benefit plan.

Perhaps the Leader of the Government in the Senate could tell me what that benefit plan consists of, and where is it located.

Hon. Duff Roblin (Leader of the Government): If my honourable friend is talking about a deposit with the Canadian Commercial Bank by the institutions that he has mentioned, I think that it is quite probable that they will be included in the guarantee of depositors that will be contained in the forthcoming bill. If it is another matter, then it is something I will have to take as notice because I have no immediate information on the matter. Perhaps that could be elucidated.

Senator Turner: Honourable senators, on June 5, the honourable Minister of State (Finance) sent me a reply to my question as follows:

> In response to your question concerning the protection afforded to the various pension funds by the support package, you should be aware that there is no guarantee that the pension funds are fully protected.

Why has the minister given me two answers to the same question?

Senator Roblin: Unless I know the nature of the financial relationship between the pension funds and the bank I am unable to understand what my honourable friend is driving at. Were these pension funds on deposit in the bank, or is the relationship something other than that? That has to be made clear.

• (1430)

I know that my honourable friend is seeking information, so if he would be kind enough to give me the correspondence he has on the matter, so that I can understand more clearly, I will attempt to obtain a better answer for him, if that is what he is looking for.

Senator Turner: I sent the minister ten questions and asked for ten answers. I would be quite happy if I received those answers.

Senator Roblin: Could my honourable friend let me have the correspondence so that I can take it up with the minister?

BONN ECONOMIC SUMMIT 1985

TECHNOLOGY, GROWTH AND EMPLOYMENT WORKING GROUP REPORT

Question No. 10 on the Order Paper—**By Hon. Lorna Marsden:**

11th June—With regard to the reference made in paragraph 18 of the Final Communiqué of the Bonn Economic Summit 1985 to a report from the Technology, Growth and Employment Working Group on the work done in the eighteen areas of co-operation, (i) has this report been made public to Canadians; (ii) if so, how can Canadians obtain it; (iii) if not, why not?

Reply from the Secretary of State for External Affairs:

(i) Yes

(ii) By contacting the Media Relations Division, National Research Council or the Science, Technology and Communications Division, Department of External Affairs.

TECHNOLOGICAL DEVELOPMENT AND EMPLOYMENT

MINISTERIAL CONFERENCE REPORT

Question No. 11 on the Order Paper—**By Hon. Lorna Marsden:**

11th June—With reference to the Ministerial Conference on Technological Development and Employment, held in Venice, (i) is there a report; (ii) if so, where may Canadians obtain it; (iii) if not, who represented Canada at this Conference; (iv) when will a report be available?

Reply from the Secretary of State for External Affairs:

(i) A report is under preparation by the Italian organizing authorities.

(ii) When produced, it will be available from the Science, Technology and Communications Division of the Department of External Affairs.

(iii) The head of delegation was the Honourable Flora MacDonald.

(iv) It is expected that the report will be available by mid-summer 1985.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF THE SENATE

Leave having been given to proceed to Order No. 5:

Resuming the debate on the motion of the Honourable Senator Murray, seconded by the Honourable Senator Phillips:

That the Standing Senate Committee on Banking, Trade and Commerce, which was authorized by the Senate on June 25, 1985, to study and report upon the documents entitled: "The Regulation of Canadian Financial Institutions: Proposals for Discussion" and "Final Report of the Working Committee on the Canada Deposit Insurance Corporation (CDIC)", have power to sit at three thirty o'clock in the afternoon on Wednesdays and at three o'clock in the afternoon on Thursdays for the

duration of the above-mentioned study, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we support this motion.

Motion agreed to.

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Tremblay, for the second reading of the Bill C-69, intituled: "An Act to amend the Canadian Institute for International Peace and Security Act and certain other Acts in relation thereto".—(*Honourable Senator MacEachen, P.C.*)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator MacEachen will proceed on this order tomorrow or Tuesday next.

Order stands.

STRATEGIC DEFENSE INITIATIVE

GOVERNMENT ATTITUDE—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Gigantès calling the attention of the Senate to the Strategic Defense Initiative—(*Honourable Senator Godfrey.*)

Hon. John M. Godfrey: Honourable senators, I am not an expert on SDI, and I do not claim to be an expert, although I have listened to many experts over the years. Honourable senators will be pleased to hear that I am not an expert on everything. Unfortunately, I was not in the chamber to hear Senator Gigantès' speech, but I did hear Senator Steuart's and I have read Senator Gigantès'. I will not repeat what Senator Gigantès has said, because, essentially, I agree with what he has said. I will comment on Senator Steuart's intervention later.

I should like to speak from a personal point of view on the question of deterrence. In 1982 I attended a meeting of the Canada-European Parliamentary Association in Copenhagen. On the agenda for that meeting was the subject of nuclear defence. I asked the chairman of the meeting the following question: As long as there is a possibility of the United States being able to retaliate against the U.S.S.R. sufficiently to destroy Leningrad, Moscow and Kiev, what possible motive could the U.S.S.R. have for starting a nuclear war?

The answer given by the chairman was: "My dear man, don't you realize that the U.S.S.R. is bent on world conquest and that human life means nothing to them?" I did not think that was a very intelligent answer because the leaders of the U.S.S.R. like their dachas and their comforts in Moscow and would not want to see them destroyed any more than anyone else in similar circumstances would.

A month later I attended a parliamentary dinner for the Canadian Ambassador to NATO. When the Ambassador finished his speech I asked him the same question. I received a five or six minute answer containing all kinds of mumbo-jumbo; what they have, what we have, and so on. When he finished, I rose and told him that he obviously had not heard my question. I told him that I was not in the least interested in the balance of power, that I was asking a theoretical question. He then proceeded to answer with more mumbo-jumbo. He told me about how many missiles we had, how many missiles they had, and so on. When he finished with that answer I again told him that he obviously did not understand the question or was refusing to answer it. I then started to leave the room. I was intercepted by an official from the Department of External Affairs. He followed me down the hall and gave me more mumbo-jumbo. He told me that I did not seem to understand. I told him that I was asking a purely theoretical question.

I raised the same question when Lord Carrington was here. His answer was: "That's a very good question," but he really did not answer it. In fact, he came up to me on one occasion and told me again that I had asked a very good question.

On May 24 of last year, at a joint meeting of the Senate and House of Commons Committee on Foreign Affairs, Mr. Vorotnikov, a member of the Politburo was present. I put the question the other way round and asked him: In view of the fact that I have been told that the U.S.S.R's submarine fleet, without any intercontinental ballistic missiles, can destroy every city in the United States with a population of over 10,000, what possible excuse would the Americans have, what reason could they possibly have, for starting a nuclear war? His answer to that was: "Well, you had better ask the Americans." I thought that was on a par with the answer I had received in Copenhagen. He proceeded to launch into a spiel of five or six minutes and gave me statistics on how many missiles they had and how many missiles we had.

The last time I asked this question was in Stuttgart at a meeting of NATO members. I was on the military committee, and we heard from a Dr. Lynn Davis, the Director of Studies, International Institute for Strategic Studies. After she made her presentaion, I asked her—and I was getting a little more sophisticated—the following question: What possible motive would the U.S.S.R. have for starting a nuclear war if they know that one western nuclear submarine can destroy the 40 largest cities in the U.S.S.R.? That was something I had discovered since I had put my original question. I must say that Dr. Davis fielded many other questions but chose to ignore mine. I have not been very successful in obtaining an answer to that question.

While being briefed by a rather junior official from the Department of External Affairs for a committee I was serving

on, I asked him the same question. I must say that I received a rather intelligent answer from that junior official. He told me that no one would start a strategic nuclear war, that the only possible way that could happen would be by way of an accident or because of an escalation of a tactical war in Europe that got out of control.

The reason I bring this up is that I, for the life of me, cannot understand why the U.S.S.R. and the United States think they have to have parity in nuclear weapons. As long as you can destroy the other side once, why do you have to destroy them 50-times over? I can understand why you cannot depend entirely on ICBMs or on submarines, although standing alone at the present time that is enough, or on aircraft with bombs or with cruise missiles. I recently read that the worry about depending entirely on submarines is that at some time Russia might develop a satellite inspection technique whereby they could detect underwater American submarines and if they do then they could attack those submarines with nuclear ICBM missiles and if they landed within ten miles of the submarine it would be destroyed. There is always that possibility, so I quite agree that you have to have aircraft with bombs or cruise missiles, submarines and ICBMs. But when we are talking about Star Wars—and I think it is a very good description of the whole thing—people overlook the fact that it is only a deterrent against ICBMs. It has nothing to do with anti-submarine warfare or long range aircraft which the Russians are developing and which have these cruise missiles. I am highly in favour of Canada entering into this agreement with the United States to have that radar screen in the north so that they cannot sneak airplanes through the gaps and launch cruise missiles, which would destroy the U.S. deterrent.

● (1440)

When I was in Stuttgart, we were addressed by General Wolfgang Altenburg who was the Chairman, Joint Chiefs of Staff of the Federal Armed Forces.

Senator Hicks: The Federal Armed Forces of what country?

Senator Godfrey: The Federal Armed Forces of Germany. He gave us a very interesting discourse and I would like to read from the minutes of the meeting. One paragraph reads as follows:

> Finally, General Altenburg summarized the three main areas of challenge. These were, firstly, the need to improve conventional capability (which Germany would like to see implemented through existing rather than new programmes), secondly, the reorganization of nuclear forces to guarantee a sufficient range of options—

I believe that there he is referring to what I pointed out, namely, that you cannot rely on submarines or ICBMs; you should have a range of options. It continues:

> . . . and thus preserve deterrence, and thirdly, the need to demonstrate solidarity in the face of the SDI and to ensure that it did not become a lever to decouple the United States from Europe.

Later in the meeting he said:

> . . . that he was not against the SDI and wanted to participate, but he also wanted to ensure equal benefits for Europe and the United States. He was not questioning President Reagan's wisdom in this matter.

I asked General Altenburg whether he agreed with the view of Bundy, McNamara and others that the SDI would need to be more than 95 per cent effective. Mr. Petersen from the Federal Republic of Germany asked him a similar question. General Altenburg responded to Mr. Petersen's question by saying:

> . . . that 50-60 per cent neutralization of missiles would not be sufficient; even 95 per cent might not be sufficient. He emphasized that this aspect must be included in the study programme along with the whole philosophy of the SDI.

Finally, we were addressed by a Dr. John Gardner, Director of Defensive Systems of the U.S. Department of Defense. Dr. Gardner was a very impressive, able and persuasive man. He explained to us that in the mid-1960s the United States had made an assessment to ascertain whether or not it was worth developing this kind of defence and they came to the conclusion that it was not. In 1980 or 1981 another technical committee was set up which, I believe, Dr. Gardner chaired, and they decided there was a possibility of developing it and that is what inspired President Reagan. At one point I asked Dr. Gardner:

> . . . how effective a system must be, in terms of the percentage of missiles which it intercepted, in order to be regarded as successful.

He gave a very interesting answer which he broke up into two parts and that was the first time I had heard of that idea. He said that 95 per cent would not be effective enough to protect the civilian population of the United States, that you practically have to have 100 per cent. He was almost saying to forget about the SDI to protect the civilian population. However, he said that if you wanted a protection for your own ICBMs, as low as 75 per cent might be effective. That gave me a different slant on what it was all about. In other words, SDI is not to protect the civilian population of the United States but it is to protect the power of the United States to deter, retaliate and so on.

Having listened to various people both for and against SDI, I was quite ambivalent on the subject but mainly for the reason that Senator Steuart gave. I agree with him that our relations with the United States are very important. We have to get along with them and we should do everything we can to a certain point. Although I became absolutely convinced that it was a waste of money, and I could not conceive that it could possibly work well enough to be of any use at all, I came to the conclusion, taking into account that it was a question of wasting all this money and possibly offending the United States—perhaps it has something to do with my Scottish background that I was overall against SDI—that the government handled the thing rather well by saying that we were not going to contribute any of our money. They were very diplomatic in their letter when turning it down, and while they did not give any particular reasons, I think in the end that they came to the right conclusion.

On motion of Senator Bosa, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, September 26, 1985

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

Prayers.

CUSTOMS TARIFF

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-71, to amend the Customs Tariff.

Bill read first time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Tuesday next, October 1, 1985.

INCOME TAX ACT
TAX COURT OF CANADA ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-72, to amend the statute law relating to income tax and to make a related amendment to the Tax Court of Canada Act.

Bill read first time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Tuesday next, October 1, 1985.

OFFICIAL LANGUAGES, POLICY AND PROGRAMS

THIRD REPORT OF STANDING JOINT COMMITTEE PRESENTED

Hon. Dalia Wood, Joint Chairman of the Standing Joint Committee on Official Languages Policy and Programs, presented the following report:

Thursday, September 26, 1985

The Standing Joint Committee of the Senate and of the House of Commons on Official Languages Policy and Programs has the honour to present its

THIRD REPORT

In relation to its Order of Reference from the Senate dated Wednesday, March 27, 1985 and its Order of Reference from the House of Commons dated Tuesday, March 26, 1985, both relating to the Report of the Commissioner of Official Languages for 1984, your Committee which recommended in its First Report dated, Wednesday, May 29, 1985 that it be empowered to adjourn from place to place in Canada during October and November 1985, now requests that it be empowered to adjourn from place to place in Canada at any time before December 31, 1986 in order to submit a report no later than the aforementioned date, on the problems and concerns of language minorities and majorities with respect to official languages rights, policy and programs, and that the necessary staff do accompany the Committee.

Respectfully submitted,

DALIA WOOD
Joint Chairman

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

On motion of Senator Wood, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

ADJOURNMENT

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

That when the Senate adjourns today, it do stand adjourned until Tuesday next, October 1, 1985, at two o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

NATIONAL REVENUE

DEFINITION OF "PARTNERSHIP"—TAX AVOIDANCE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate arising out of the control of Gulf Canada. When the Reichmann family in Toronto acquired control of Gulf Canada from Chevron Corporation they immediately transferred many of Gulf's assets into a partnership between Gulf and Norcen Energy Resources. Apparently,

that may have cost something in the neighbourhood of $1 billion in lost taxes, based on the fact that the two corporations were treated as a partnership. If they are treated as a partnership, then when the time for recapture arrives, depreciated assets can be ratcheted up again in order to minimize the recapture and thereby avoid tax. The ruling of the tax department that provided this escape from taxes is described as being confidential, as I know some of them are, so I do not expect that the Leader of the Government in the Senate will have an answer to this question, but I do ask him if he will ask his colleague, the Minister of National Revenue and, if necessary, the Minister of Justice, to provide us with some detail of how that combination was defined as a partnership for the purposes of the section that is the basis for the ruling.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am familiar with the newspaper story as I had an opportunity to read it this morning, and it raises the point that there is a provision in the Income Tax Act that permits an effective recapture on depreciated assets or something of the sort which either eliminates or postpones tax. I rather suspect that it postpones tax. I can only tell my honourable friend that this provision is not a new one because it has been on the statute books for some time and is one that has been available for use by anyone who had legitimate reason to use it. While I do not think that I can promise to tell him the details of this case insofar as they are confidential under the Income Tax Act, what I can do is draw his attention to the regulations or legislation under which the transaction is embraced and that may give him the information he is seeking.

Senator Frith: I have a supplementary question. I do not think that it is a matter of postponement, but is actually a question of avoiding taxes. For example, taking a very simple case, if I have an asset that is worth $1,000 and over the years I depreciate it to $200 and then I sell it for $800, I am taxed on that difference between the $200 and the $800 because I have recaptured some of the depreciation. However, the Leader of the Government is on the right track about what I would like to have.

BANKING

CANADIAN COMMERCIAL BANK—SALVAGE RECOMMENDATION

Hon. Ian Sinclair: Honourable senators, my question is for the Leader of the Government. On September 18, the Prime Minister was interviewed by Betty Kennedy, and I have in my hand a transcript of that interview.

One of the questions, in part, put by Betty Kennedy to the Prime Minister, was as follows:

> ... I am wondering if it is correct that it was your personal decision and your order to attempt to salvage the Canadian Commercial Bank in March?

The Prime Minister's reply, in part, was as follows:

> No, the government decided on the basis of evidence made available to it that this was an appropriate decision. All government officials made that recommendation.

As I said, honourable senators, that is not the complete answer, but my question is related to that part.

Could the Leader of the Government tell honourable senators which government officials made that recommendation?

Hon. Duff Roblin (Leader of the Government): Honourable senators, my friend, with some persistence, is pursuing a line of questioning he has employed in the recent past.

I recognize the thrust, but I have to tell him that my answer is much the same as that given on previous occasions. It is that when this matter is before the committee I expect that the officials who had anything to do with this matter will be summoned to the committee and will be able to speak for themselves on what they said. I think that is preferable to my trying to second-guess them at the moment.

Senator Sinclair: Honourable senators, I think an answer would be most helpful to the committee and to the general public. I know that, at least where I come from, Betty Kennedy's show is well received. Those viewers will not be at the committee meeting, and I am sure they would like to know who the people referred to as "all government officials" were. Surely the Leader of the Government knows who they were.

Senator Roblin: Honourable senators, I have not only listened to but have also looked at Betty Kennedy over these many years, and I have the privilege of being able to describe her as a personal acquaintance and, perhaps, a friend. Therefore, I am always interested in what she has to say and the points she raises.

In this particular instance, a parliamentary inquiry is going to be conducted—not an inquiry on television or in the media. Therefore, I think my statement still stands that the place for this matter to be elucidated is in committee. My honourable friend is a member of the committee, and I hope to attend the hearings myself. I am sure he will have cogent questions to ask of all and sundry.

Senator Sinclair: Honourable senators, unfortunately, I am not a member of the committee which will be inquiring into this matter. Even if I were, I still believe that my request is proper.

My next question is this: What was the "salvage" operation recommended?

Senator Roblin: What was what?

Senator Sinclair: What was the salvage operation recommended?

Senator Roblin: I was surprised to hear my friend say that he was not a member of the Standing Senate Committee on Banking, Trade and Commerce, because I understood he was. However, the same answer applies: All the questions in connection with this matter, which are legitimate and can be properly answered, will be dealt with in committee. It is not appropriate to ask me to deal with these matters during oral Question Period, and I must decline to do so.

Senator Sinclair: Honourable senators, I have some other questions in regard to this matter.

REGULATION OF BANKS

Hon. Ian Sinclair: My next question is surely not a matter for the committee. I am quoting from statements made by the Minister of State (Finance), the Honourable Barbara McDougall. She is reported to have said:

> The crisis has to do with the regulatory environment in which we live. It was not created by this Government but by the former government which ignored the problems that arose.
>
> We have for too long relied on overburdened regulators to use the limited tools available to them. To remedy the defects, some action is required.
>
> Our regulators are restricted by rules written in the age of the quill pen.

This document, which is generally referred to as the green paper, was published in April 1985. Honourable senators will realize, from having read it and from its size, that it took some weeks to prepare. My question is this: If those rules regarding the banks were written in the age of the quill pen and the minister knew it, why did she not take some action to rectify them before she went on that billion-dollar weekend?

● (1410)

Hon. Duff Roblin (Leader of the Government): My honourable friend, in the first instance, is quoting from a speech made in the other place. It is not our usual custom in this place to indulge in comments or reflections upon speeches made in the House of Commons, and I do not intend to do that myself. I happen to think that what the minister said was correct, and I happen to think that the honourable senator will find out that the minister has proposals to make which will bring our regulatory system into good shape. I also hope, if I may express this view, that, when the committee meets to discuss this question of the CCB, my honourable friend or those who speak for him will take it upon themselves to investigate the origins of our problems and the development of events with respect to the role of the Inspector General of Banks, the expansion of the banking system and other matters that flow from that. It seems to me that if that is done we will have a much better understanding of the problems with which the minister finds herself faced than we might otherwise have.

Senator Sinclair: If the regulations that she has proposed are not the full regulations, is the Leader of the Government suggesting that there are some more? What the minister has referred to is the document in my hand that she worked so hard to bring forward. Are there some more regulations that she has in mind for the banks other than those contained in this paper to which I have alluded?

Senator Roblin: Perhaps my honourable friend would agree with me that that green paper has, as its thrust, an entirely different subject from the one that he is raising.

Senator Frith: Not entirely.

Senator Roblin: Well, it has as its thrust the re-organization of the financial and quasi-financial institutions in the country, as to how they should be related to one another and how the four pillars of the financial establishment should interact—

Senator Frith: And how they should be regulated.

Senator Roblin: And how they should be regulated under a new dispensation. But my honourable friend knows perfectly well that that report is being studied by a Commons committee and by our committee. There is no guarantee that that report is going to be approved in toto. In fact, I think it is safe to say that substantial changes will be required. My honourable friend has to separate in his mind the events—at least I do, and I think it is not unfair for me to do so—to realize that the particular problems that have arisen in the past with respect to the Inspector General of Banks are ones that were not in contemplation because the crisis had not really developed at the time this green paper was prepared. It has been prepared over a period of time.

Be that as it may, however, I will be glad to hear any suggestions that my honourable friend wishes to put forward as to how he thinks the regulatory system of the banks should be improved upon, strengthened and changed.

Senator Sinclair: If the minister responsible was of the view that the regulation of the banks was inappropriate or that those who were in charge of that regulation were not carrying out their duties, she must have had that examined before she consulted with her advisers and before it was decided to write this paper and release it. My question is: That being so, why did she not take some action about those regulators and the scope of the regulation before the end of March 1985?

Senator Roblin: My honourable friend overlooks the fact that there is legislation pending—I do not remember precisely whether or not it has been presented to Parliament—but I know that it has been in preparation since this development arose, to give new powers to the Inspector General of Banks and to the minister.

I am relying on my memory here, but I really do not think that the legislation has yet been presented to Parliament, so I am not at liberty to give any details on it. But I can assure my honourable friend that the minister has not been sitting idly by while the weeks have passed. She has prepared new legislation dealing with the very subject that my honourable friend talks about, and he will get a chance in due course to say what he thinks of it.

Senator Sinclair: Honourable senators, the point of the matter is that if the minister had concerns she should have acted on those specific concerns before the billion-dollar weekend.

Hon. Jacques Flynn: Why don't you move a Notice of Inquiry?

Honourable senators, I rise on a point of order. The honourable senator has been arguing the case since the beginning. He has not put any real question.

Senator Frith: He certainly has.

Senator Flynn: He has not. He has only been arguing about the statements made by the minister in the other place. If he

wants to discuss that, and give other honourable senators a chance to intervene and reply, let him move a Notice of Inquiry and we will deal with him and with the subject matter.

Senator Sinclair: Honourable senators, I believe I have a right to ask the Leader of the Government—

Senator Flynn: You have no right to debate at this time. You certainly don't have.

Senator Sinclair: Honourable senators, I think I have the right—

Senator Frith: The questions have been misunderstood and he is explaining them.

Senator Flynn: He will talk for hours, because he will never understand.

Senator Frith: He never gets any answers. That is why he keeps arguing.

Senator Flynn: He should put a Notice of Inquiry on the order paper.

Senator Sinclair: Honourable senators, if the regulation of banks—

Senator Flynn: That is a debate.

Senator Frith: Let him speak—

Senator Flynn: Honourable senators, my rights are involved here. I do not have to listen to a debate at this point without having a chance to intervene. I say that this is entirely out of order. If the honourable senator has a question, he should put it; but if he wants to debate the subject, he should move a Notice of Inquiry.

Senator Frith: Honourable senators, the last intervention made by Senator Flynn was made after Senator Sinclair had said, "If the regulation of banks," and then, before he could get out another word, Senator Flynn rose and said, "Debate!" Senator Sinclair had managed to say only five words. How does Senator Flynn know that the senator was not going to end with a question?

Senator Flynn: I know him.

Senator Frith: It may very well be that you know him; but we know you, too.

Senator Perrault: You are not a prophet. You are afraid of facts.

Senator Flynn: I have never behaved that way.

Senator Frith: It is the way you are behaving now; that's the point.

Senator Sinclair: Honourable senators, my question to the Leader of the Government is this: In the opinion of the government, in March 1985 were the regulations pertaining to banks inappropriate?

Senator Roblin: Honourable senators, I must tell my honourable friend that he had better address his questions to the minister in charge, namely, the Minister of State (Finance), because it is impossible for me to deal with a question like that in the middle of September, not having been a party to the discussions because it is not in my departmental brief. If my honourable friend wants to address those questions to the minister when she comes here, he is welcome to do so.

I would like to say that Senator Flynn's point is not entirely without merit, because we are conducting a mini-debate here. Senator Sinclair knows that is what he is doing, and he is enjoying it—and, in a sense, so am I. But Question Period is for questions, and we should try to get back to the basics of parliamentary decorum and expect short, concise questions and, hopefully, short, concise answers.

● (1420)

Senator Frith: That was certainly a short, precise question.

Hon. H. A. Olson: Honourable senators, I have a supplementary question for the Leader of the Government along the line that Senator Sinclair was pursuing. I note that the Minister of State (Finance) is blaming the former government for the inadequacy of the rules and the regulatory structure.

Senator Balfour: Come on!

Senator Olson: That is what the *Globe and Mail* says. I wonder if the Leader of the Government can help me to understand why they would print it on the first page and print it again in its entirety on the fourth page.

Senator Phillips: It shows you how inaccurate they were.

Senator Roblin: The argument must have appealed to them.

Hon. John M. Godfrey: Honourable senators, I rise on a point of order to comment on a statement made by the Honourable Senator Roblin. He said that it is not the practice in this house to comment upon speeches made in the other place. I would like to draw to Senator Roblin's attention rule 34A, which reads:

> The content of a speech made in the House of Commons in the current session may be summarized, but it is out of order to quote from such a speech unless it be a speech of a Minister of the Crown in relation to government policy.

Senator Flynn: That does not apply.

Senator Godfrey: I would suggest that we can refer to speeches made in the other place, that we can summarize speeches, that we can quote a minister and that we can comment.

Senator Flynn: Not during Question Period.

Senator Roblin: I always respect an interjection by Senator Godfrey because he has a distressing habit of being right—sometimes.

Senator Godfrey: Name one time.

Senator Doody: It has certainly escaped me.

Senator Roblin: However, I do not think that he is right on this occasion. I do not really think that the rule which he has quoted refers to Question Period. I think it refers to speeches

made in the course of our normal transactions, and in that respect I would agree with him.

Hon. Robert Muir: Honourable senators, I have a supplementary question. I am just an ordinary little Canadian. I have never been chairman of Canadian Pacific Railway.

Senator Sinclair: Thank God for that!

Senator Muir: Or president of any of these great corporations. Nor do I belong to the old boys' club.

Senator Frith: Oh, yes, you do—just a different branch.

Some Hon. Senators: Oh, oh!

Senator Muir: May I ask just a humble little question?

Some Hon. Senators: Oh, oh!

Senator Perrault: No Tory was ever humble.

Senator Frith: If you are going to be properly humble, you will have to become a Liberal.

Senator Muir: I shall consider the source whence that came.

May I ask the honourable Leader of the Government: Since we have had this problem with the banks and since there was a long term when another government was in power—

Senator Perrault: The good old days!

Senator Muir: —why were all these great regulations which are being proposed now not put into effect? We have been in power for only one year. Why were they not put into effect previously to prevent any such thing from happening?

Senator Frith: It is because it is McDougall's idea, not ours.

Senator Roblin: I note the interjection from my honourable friend that it is McDougall's idea, not the Liberals' idea. That's the truth, God knows.

Senator Frith: You bet!

Senator Roblin: I hope that in the course of the investigation into this matter the question raised by my honourable friend will be pursued and that answers will be sought and will be forthcoming as to what is the history of the regulatory apparatus. I do not intend to say any more about the matter now because I would be trespassing on Senator Sinclair's ground in trying to debate the issue.

Senator Olson: Perhaps it is the minister who is the problem.

Hon. Royce Frith (Deputy Leader of the Opposition): It is true, as the Leader of the Government has said, that this whole line of questioning, and the idea, was originally advanced by Minister McDougall who said, when asked about the bank failure and near failure, that when the Liberals were in power we did not do enough about regulations. But we did not have any failed banks either.

Senator Flynn: Good speech!

Senator Frith: Thank you.

Senator Roblin: What my honourable friend has said bears on the very issue as to why.

[Senator Roblin.]

Senator Frith: So, it was our fault, and I suppose the rancid tuna is our fault, too!

Senator Roblin: I am not going to debate the issue.

Senator Frith: Five years from now the Tories will probably still be blaming all their mistakes on the Liberals.

Senator Roblin: If somebody wishes to introduce an inquiry to debate the issue, that will be fine. I tell my honourable friend that I am positive that the matter will be elucidated in the committee and that he will have the answer to his question in spades.

Senator Frith: In canned spades.

Senator Godfrey: May I ask the Leader of the Government in the Senate whether he is charging that the former Liberal government was responsible for that bank's investing all the money that it lost in the United States?

Senator Frith: As Senator Doody said, you name it—

Senator Roblin: I would point out to my honourable friend that the charges are all being made on the other side of the house. I am not making any charges. I am just doing my best to answer the questions that come to me, but I am quite sure that before the whole issue is concluded the question of charges will be raised on both sides of the house.

EDUCATION

TORONTO SCHOOL—CHANGE OF NAME

Hon. Peter Bosa: Honourable senators, my question is for the Leader of the Government in the Senate. Perhaps he will recall that in the mid-1970s a public school in Toronto was named "Argentina," in a reciprocal gesture on the part of Canada and Argentina to underline the friendship that existed between the two countries.

Senator Doody: Not "Caboto"?

Senator Bosa: It has nothing to do with Caboto.

Senator Doody: I am very sensitive about that.

Senator Bosa: The Falklands war in 1982 generated a great many hard feelings in Toronto and elsewhere. As a result of that, many people exerted pressure on the school board to change the name of that school from "Argentina" to something else. That school is now known as Garden Avenue School.

Since that time, Argentina has become a democracy and I believe that President Alfonsin needs all the moral and psychological support that a prestigious country such as Canada could send his way. Notwithstanding the fact that Canada is a young country, it is also a well-established democracy and highly respected in the international community.

I know that this is not a matter that normally comes under the jurisdiction of the federal government, but I wonder whether the Leader of the Government in the Senate could use the prestige of his office to influence the school board to

rename that school "Argentina" as a gesture of friendship and support from the people of Canada to President Alfonsin.

Senator Doody: Do you want a time limit on that?

Hon. Duff Roblin (Leader of the Government): My honourable friend expresses a noble sentiment. I have to tell him, however, that those who are in charge of naming schools at the school board would resent my interference in the matter, in the same way as some here would resent any interference in our affairs in this chamber. I do not think, therefore, that it would be advisable for me to accept my honourable friend's invitation, but I commend him on his kind thought.

Hon. Robert Muir: I have a supplementary question, honourable senators, on the same subject. I would like to fully endorse the comments of Senator Bosa. In Buenos Aires we have an establishment called "Canada School." The school day begins every morning with the singing of *O Canada,* together with their national anthem. The Canadian flag is displayed in a beautiful glass case.

Senator Marshall: Do they know the words to *O Canada?*

Senator Muir: Yes, Senator Marshall, indeed they do know the words.

I commend Senator Bosa on his suggestion. I realize that the Leader of the Government in the Senate has nothing to do with what happens in a school board in Toronto. However, all senators could take it upon themselves to write to the school board in Toronto regarding this matter. I know there was a problem in Argentina under the generals, but now President Alfonsin has been elected and, please God, democracy will continue in Argentina for a long time. I would hope that the Leader of the Government and any other senator who is interested would do their utmost to prevail upon the school board in Toronto to rename the school "Argentina" as it was named before the Falklands episode.

Senator Roblin: That is a constructive suggestion, honourable senators, and I hope that some senators are moved to adopt it. However, I have to repeat that, as a member of the government, it is a little difficult for me to do so. I will rely on you, Senator Muir, to take care of my interests.

ECONOMIC DEVELOPMENT

NOVA SCOTIA—CAPE BRETON ADVISORY COMMITTEE REPORT—REQUESTS FOR COPIES

Hon. John B. Stewart: I have a question for the Leader of the Government in the Senate. I understand from a Canadian Press story that yesterday an economic blueprint with a potential price tag of $600 million was unveiled in Sydney, Nova Scotia, by the Cape Breton Advisory Committee, and that the Honourable Sinclair Stevens is said to have welcomed this report.

• (1430)

I wonder if the Leader of the Government in the Senate would ensure that copies of the report are made available to the members of the Senate immediately and, at the same time, could the leader give us the names of the members of the committee who signed the report?

Hon. Duff Roblin (Leader of the Government): It is perfectly true that the report was issued yesterday under the auspices of the Government of Nova Scotia and the Government of Canada. The report contains a number of useful proposals for reviving the economy of Cape Breton and, indeed, other parts of Nova Scotia. Some of the proposals, I suspect, are already under consideration; other proposals are new.

I do not believe the report has been tabled, but it can be obtained from DRIE. A telephone call from your office would, I am sure, produce a copy. I think it would be a good idea if I were also to telephone to ask for copies for all honourable senators.

With respect to those who have signed the report, I do not have a copy of it in front of me, but I understand that the chairperson was Teresa MacNeil and that Donald Sobey was the vice-chairman. The only person who comes to mind as being one of those who signed the report is Mr. Frank Stronach. Approximately half a dozen people have signed the report. I just had a glance at the report and do not have those names on the tip of my tongue, but those names are available. If my honourable friend telephones DRIE for that information, I am sure he will obtain it.

Hon. Robert Muir: Honourable senators, I have a humble request to make. I am a very humble, unassuming and modest person. I should like to ask the Leader of the Government why it is that in the case of a report such as that which Senator Stewart has mentioned, members of the Senate have to chase up and down the halls and plead or ask a member of the House of Commons for copies. People such as Senator Stewart, Senator John Macdonald, Senator Graham, Senator MacEachen and myself have worked for years to see what we could do to enhance the quality of life in Cape Breton, but for some reason senators are not given copies of these important reports.

Senator Perrault: We are all humble.

Senator Muir: Yes, we are. Yesterday, I had to call the minister's office to ask for a copy of the report. I said, "What do I have to do? Do I beg? Do I plead? Do I purchase or do I kiss someone's ass to get a copy of this report?"

Senator Frith: That's unparliamentary language.

Senator Muir: After I called the minister's office yesterday I received a copy of the report inside of 20 minutes. But, as Senator Olson says, and has said in the Senate on many occasions—

Senator Frith: What did you do to get it?

Senator Muir: —and as Senator Frith has said—if he would stop interrupting and listen to a very good comment—senators are also members of Parliament. At least, I always thought they were members of Parliament. So why is it that senators have to plead and beg and are ignored by ministers regarding these reports?

I would hope that the Leader of the Government in the Senate would speak to the ministers concerned and see that we

receive copies of these reports from their offices. He may have to use a little whip or a little strap or some type of force. He has to realize that senators receive telephone calls from the Canadian Press, from the Halifax newspapers, from the Sidney newspapers and from radio and television stations asking, "What do you think about the report?" We have to tell them that we have not seen the report.

So, please, please, consider us as members of Parliament, just as are members of the other place. I served in the House of Commons for 22 years and I would like to receive the same treatment here as I received there. Do not ignore the bright and intelligent men and women in this chamber.

Senator Roblin: If I ever required any inspiration to get this report, I just got it. I will represent my honourable friend as completely as I can to the minister, and I will obtain a copy of the report for him, as I will for all other honourable senators.

Senator Muir: I'm a bit shy; I need to ask.

REQUEST FOR ANSWERS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I should like to draw the attention of the Leader of the Government in the Senate to the fact that there are still some answers outstanding to questions that are of current interest. I should like to ask the leader to do better in obtaining answers. Knowing the leader as I do, I know that he is trying hard. I am tempted to say that the leader is doing his best, but I would be worried if this were his best, because I believe his best is better than this.

I may be a little premature, and I hope that I am. I hope that on Tuesday the Leader of the Government in the Senate will rise and chastise me for being so premature as to raise these questions. I should like answers to the series of questions I asked arising out of the Memorandum of Intent. That Memorandum of Intent will, of course, be the basis for discussion at a Senate committee meeting, if this matter goes before a Senate committee.

The Leader of the Government in the Senate and all honourable senators will recall that during an exchange between the Leader of the Opposition and the Leader of the Government on the subject of the bank failure, and the desirability of having that subject examined by a committee of the Senate, the Leader of the Government made the suggestion that the subject matter of the forthcoming bill could be referred to the committee, and that the Leader of the Opposition supported that approach as being a reasonable one, provided we had the bill. I hope that the bill will have been placed on the Order Paper of the other place because, of course, the whole plan will fall if we do not have a bill. If that is the case, we will have to find another way to get the matter before a Senate committee.

We had the illustration the other day of how the Leader of the Government in the Senate—and I am not criticizing him, praising him, or otherwise—in answering questions regarding the bank failures, suggested that the questions would be better raised in committee. That was a good point, but that is not useful if the matter is not before a Senate committee.

I ask the Leader of the Government to find out between now and Tuesday when the Senate might expect to have a bill before it, because I give him notice that if we do not have a bill before us then, we will discuss another way of getting this matter before a committee.

I should also like the leader to get some information for us over the weekend regarding the series of questions I asked earlier this week on the tuna issue. That is a matter that is current. I ask him to distinguish between questions on which information is not necessary immediately and questions on which the information is rather stale. I do not mean that as a pun, but that information can be rather stale unless the answers come quickly.

Hon. Duff Roblin (Leader of the Government): Honourable senators, on the matter of the Memorandum of Intent annexed to the agreement, I must warn my honourable friend that it will take some time to prepare answers to those questions because this is an extremely complicated subject. A great many documents have to be searched.

Senator Frith: That is why I mentioned the committee.

Senator Roblin: That is fair enough. If the answers are not available before the committee meets, those questions can be asked at the committee meeting. I will do my best to obtain those answers for my friend, but there will be no quick answers.

The important aspect to the question he has raised relates to the time the Senate has a bill before it. I gave no assurances but I intimated that I hoped the bill would be before the Senate in the near future.

Senator Frith: And it was your understanding that it would be.

Senator Roblin: Yes. I can tell my honourable friend that I am monitoring this situation daily. I have not given up hope. I expect that on Tuesday next the subject will be raised again and I will know more about it.

Regarding the committee study, I think it is sound to base that on a bill, but I admit that it is not the only way.

Senator Frith: Let us be clear. I raised a series of questions arising out of the Memorandum of Intent just as an illustration of why I felt it was important that this matter be referred to a Senate committee as soon as possible. I agree that the nature of the questions I have asked was such that they were intended to be a foundation for questions to be asked at the committee. I realize they are all questions that will take time to answer.

On the other point, I think we understand each other in that we can explore some other way of getting this matter before a committee if the bill is not before the Senate to serve as our springboard.

Senator Roblin: That is fine.

• (1440)

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Tremblay, for the second reading of the Bill C-69, intituled: "An Act to amend the Canadian Institute for International Peace and Security Act and certain other Acts in relation thereto".—(*Honourable Senator MacEachen, P.C.*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I was speaking with Senator MacEachen yesterday and he expects to proceed with this order next Tuesday.

Order stands.

NATIONAL FILM BOARD

MOTION TO EXAMINE AND REPORT ON FILM ENTITLED "THE KID WHO COULDN'T MISS"—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Molson, seconded by the Honourable Senator Macdonald (*Cape Breton*):

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the activities of the National Film Board with respect to the production and distribution of the film "The Kid Who Couldn't Miss".—(*Honourable Senator Marshall*).

Hon. Jack Marshall: Honourable senators, I rise to support the motion of Senator Molson as I did when he first raised the issue in February 1984 on the production of the film "The Kid Who Couldn't Miss." I am pleased that we now have a Subcommittee on Veterans Affairs under the Standing Senate Committee on Social Affairs, Science and Technology to which such a motion can be referred for an in-depth examination of the facts surrounding the questionable depiction of a military officer through the production of a film which, to use the kindest words, was unfortunate.

Here is an agency of government, supported financially by government, which should be helping us to identify ourselves as Canadians, an agency which should be helping us to find sources of pride in our history but has nothing better to do than destroy the sources of pride that we have and, as well, to destroy one of our proudest accomplishments, an accomplishment that is recognized around the world even by our enemies, and that is our contribution to peace for our country and, indeed, the world. Instead it warps the actions of one of our heroes—Billy Bishop. I can only ask: What was the author or the National Film Board trying to prove? What good did they do? What motive did they have, and what was their purpose?

I should like to have put on the record for Mr. Cowan something that we keep repeating and that we are proud of. I refer to a speech made by my leader on May 8, 1985, on the fortieth anniversary of D-Day. He said:

> It was a time when there was a feeling of comradeship, which is not ordinarily to be found in our relationships one with another; there was personal commitment to a cause we esteemed; and there was a clear purpose which united us one with another. Alas, after 40 years, those great emotions have eroded. The clear dedication, which we found so much to our inclination in those days, is by no means as strong as it used to be in times of war. In a sense, we can thank God that it is so, because it means that we are not challenged in this day and generation with the horrors that were apparent to those who served and to those who waited in those six years of struggle over 40 years ago.
>
> But I hope that the spirit that quickened in our nation in war-time is a spirit that can still be found among our people in these days of peace—relative peace though it may be. I hope that the spirit will inspire us to dedicate ourselves, not so much to the past, because that is part of the record of our history, but to the future so that we may summon up, once again, those qualities that made this nation great in war-time and that can make it great in peace-time and a leader in the quest for harmony among nations.

That is the type of thing that Mr. Cowan and the National Film Board should be thinking about. I am not as close to the Billy Bishop experience as Senator Molson was, but I am just as concerned as are all those who were close to war. In particular, I join the many in this chamber and the many thousands of veterans across the land who have shown their anger at this film and their support for the suggestion that the producers of the film in question demonstrate to a committee that the production was factual.

Honourable senators, my concern is not only because someone sneers at the courage and accomplishments of a recognized war hero, but also because I question his justification for displaying a narrow-minded disapproval of what Billy Bishop stood for. And it is not related to just this one event. I think it is our duty to prevent this agency or its personnel from having the freedom to inflict on viewers their own personal point of view without our having the opportunity to call them to account. Most importantly, we have to ensure that the film will not be a forerunner of others with the same philosophy. The question that comes to mind is: Who will be next? Will there be a film to show that the Canadians who landed on the beaches of Normandy did not really get shot at, that they were simply out for a swim and that there were no Canadian troops wounded or killed? Will we see a film to contradict the fact that Canadians were massacred in Dieppe or taken prisoner, or that the thousands of soldiers who were awarded medals for bravery really did not deserve them? Will we be told that

flying officers such as Buzz Beurling or Mynarski and other heroes did not fly missions and deserve awards for heroism? Perhaps the NFB is preparing a film to show that the Hong Kong veterans who were prisoners of war were not chained, were not starved, were not beaten and were not forced to march miles without food or water?

Senator Gigantès expressed concern that we would be criticized for referring this matter to committee. He said that the press will not take kindly to it, and I say to him: "So, what else is new?" He thinks that they will say that we are absurd, over-aged fuddy-duddies. They will say that as they do every day of the week. I do not think that Senator Gigantès should be concerned, because I can refer him to articles written by Ron Lowman of the Toronto *Star* which support the action we are proposing to take. I can mention Sir William Stephenson who really castigates the production which caused embarrassment to us, particularly in the view of our neighbours below the border. It is up to us to make a decision on whether this course of action is right, and I think it is right.

This film has hurt over 20,000 air force officers who are still living; it has hurt and affected the thinking of the 700,000 veterans who are still living. I believe that it is our duty to have this matter referred to committee as soon as possible so that we may vindicate that part of our history which this production has defamed.

Hon. Senators: Hear, hear.

Hon. Douglas D. Everett: Honourable senators, I rise to take part in the debate on this subject for the second time. I spoke on it when Senator Molson first raised the issue in February 1984. This question has been before this chamber for a considerable length of time and it is my belief that it should be dealt with—and promptly.

I believe that Senator Molson established an irrefutable case for a review of this film by a Senate committee. To those who did not hear his brilliant speech I recommend that they read it in *Hansard*, because it is a speech that is well worth reading.

I want to deal with a couple of aspects of the case that might be of interest to honourable senators. I have seen the film and I think it would be worthwhile for honourable senators to take the time to see it. Basically, it is an anti-war film. It raises two major issues: First, war is fought to satisfy the lust of generals and to increase the profits of arms manufacturers; second, war is fought, according to the producer, in order to sustain a decadent capitalist society. There is absolutely no recognition in this film that the majority of people fought—and many were wounded and died in World War I and World War II—because they valued the lives they lived, the freedom they enjoyed and the democracy that they lived under. There is absolutely no recognition of that fact.

● (1450)

Billy Bishop is used by the producer to establish this case. He is portrayed as a liar and a cheat. It is stated, by implication and, indeed, directly, that he obtained his Victoria Cross fraudulently; and the basic premise is that generals create heroes in order to sell the war to the public.

[Senator Marshall.]

I have heard remarks made that, if we were to refer this to a committee, the Senate would be involved in some sort of censorship of free expression.

Both to the National Film Board and to the press in this country, I say this: Freedom of expression and freedom of the press carry with them a very heavy responsibility, a responsibility which often is not discharged as it should be by those exercising it.

Hon. Senators: Hear, hear.

Senator Everett: This film has been treated as a documentary. It purports to deal with the issue of Bishop as he really existed; yet, in fact, even people on the National Film Board admit that it is not a factual documentary. That is the essence of Senator Molson's case.

War is a horrifying business, and the heroes of war are not always the most attractive people when we look at them in peacetime. If the producer of this film wants to make an anti-war film, he is, as far as I am concerned, entitled to do so. He can make his case, and it can be refuted. That is what freedom of expression is all about. However, when he bases his case, as he does in this instance, on character assassination, then there is something fundamentally wrong with what is being done, and to point out that fact does not involve censorship. We must be clear on that. For that reason, I have absolutely no hesitation and no qualms of conscience in supporting Senator Molson's motion. I feel most strongly that a committee ought to look into this matter with a view to nullifying the character assassination that has taken place.

Hon. Senators: Hear, hear.

Hon. Finlay MacDonald: Honourable senators, this is a matter on which I did not intend to speak, but I do wish to make it clear that I am in support of the motion.

I know something of this business, having spent a lifetime in the broadcasting and production fields. In my view, even if this were a private agency, it would still have to accept some responsibility for the nature of the program, and would have to accept the consequences following upon that fact.

This production did not win awards because of its substance or its facts. This is a comparatively new device, sometimes referred to as a "documentary." I believe Senator Molson was having difficulty with that definition because this is a hybrid type of process which mixes entertainment with fact to develop a new type of exotic animal.

I congratulate the honourable senators who have spoken on this subject. I am not unaware of the fact that if we refer this question to a committee for study we incur certain risks, but I believe that those risks are worth taking. I think a good case has been made and, indeed, an excellent one was made last week by Senator Frith when he made reference to the fact that an otherwise first-class body which we have set up to preserve our identity and to foster matters involving nationhood should, at least, have an opportunity to appear. Senator Molson makes it abundantly clear that he is not engaged in any kind of witch hunt. He is not out to challenge the credibility of the producer. I say that our proposed procedure is not without some risk, but

I do believe, under the circumstances, it would be a risk well taken.

I was delighted to hear Senator Marshall quote our distinguished leader. I would quote you another statement from another distinguished senator, the Right Honourable Arthur Meighen, speaking on April 13, 1925. He said:

> The story of a nation's heroes is the fountain from which it draws the wine of its later life. There is no inspiration that quickens the ambition of youth, stimulates public service and deepens love of country like the memory of great men who have gone.

Hon. Senators: Hear, hear.

On motion of Senator Frith, for Senator Godfrey, debate adjourned.

RESEARCH AND DEVELOPMENT

SUPPORT AND GOVERNMENT POLICY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Marsden calling the attention of the Senate to the importance of research and development in every province and territory and the need for caution and sensitivity in the realignments of support, and of policy by government, which relates to research and development.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I made reference to this order yesterday and have since spoken to the sponsor of this inquiry, Senator Marsden. There is no evidence that any other senator wishes to speak on this inquiry, but she would like to speak to it again, and that would have the effect of closing the debate.

Therefore, I would ask that the inquiry be adjourned in her name, and if in the meantime some other senator wishes to speak, I am sure she will yield and not close the debate. Otherwise, she means to close the debate within the next week or so.

On motion of Senator Frith, for Senator Marsden, debate adjourned.

● (1500)

[*Translation*]

POST-SECONDARY EDUCATION

NATIONAL FINANCE COMMITTEE AUTHORIZED TO STUDY GOVERNMENT ACTIVITIES ON POST-SECONDARY EDUCATION AND TRAINING

Hon. Fernand-E. Leblanc, pursuant to Notice of Motion of Wednesday September 25, 1985, moved:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the activities of the Government of Canada in its financial support of post-secondary education and vocational training; and
>
> That the Committee have power to engage the services of such professional, clerical and other personnel as may be necessary for the purpose of the said examination.

He said: Honourable senators, I am pleased to comment briefly on that notice of motion, recommending that the Standing Senate Committee on National Finance examine the activities of the Government of Canada, its financial support of post-secondary education and vocational training.

As honourable senators will know, the committee in its provisional report dated May 30, 1985, stressed the fact that the role of the Canadian government in educational matters raises a great many questions. The report stated that committee members were considering a more in-depth study of the matter.

Since then, a number of events have convinced me that, more than ever, such a study is needed.

First, members of the Committee on National Finance recently gave their full support to that initiative.

Moreover, Senators Bell and Doody responded to the report submitted by the Committee on National Finance by urging the latter to undertake such a study.

Later, Senator Marsden, while calling the Senate's attention to government policies in the area of research and development—as mentioned earlier—raised quite a number of questions more or less linked with the proposed reference.

Finally, the Royal Commission on Economic Union and Development Prospects for Canada, in its report of September 5, 1985, voiced many reservations concerning the matter of post-secondary education.

The Commission stated, and I quote:

> The Commission agrees with its positions and is altogether convinced that the Government of Canada has an essential role to play in post-secondary education and vocational training.

Honourable senators, that quotation is taken from Volume II, page 819.

The Commission has submitted specific recommendations that differ slightly from the current provisions of federal support to that sector, because it felt, and again I quote:

> All normal fiscal transfer mechanisms have been tried and found unsatisfactory. We therefore recommend that Canadians seriously consider the possibility of having more comprehensive reforms.

That quotation is taken from Volume II, page 832.

In view of the need to fully consider the findings of the Royal Commission in that respect, and the support given by some honourable senators to the inception of that study by the Committee on National Finance, I urge this house to support the motion.

If the honourable senators do give their approval, I would propose having the hearings start as soon as possible, in order that a report may be tabled within the shortest possible time frame and the recommendations might influence the reform of

the funding provisions that apparently will be undertaken starting from April 1, 1987.

I want to emphasize that the committee sent to the Standing Committee on Internal Economy, Budgets and Administration, a budget providing for enough funding to undertake that study.

I take this opportunity to call the attention of honourable senators to the fact that, thanks to the former chairman and in particular Senators Everett and Doody, the committee on National Finance always fulfills its mandate with very modest financial support. It has managed its meagre budget in a most satisfactory way. It will continue in that splendid tradition.

Motion agreed to.

The Senate adjourned until Tuesday, October 1, 1985, at 2 p.m.

THE SENATE

Tuesday, October 1, 1985

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

Prayers.

HEALTH AND WELFARE

"GUARANTEED ANNUAL INCOME—BORN AGAIN"—NOTICE OF INQUIRY

Hon. David A. Croll: Honourable senators, I give notice that on Tuesday next, October 8, 1985, I will call the attention of the Senate to Guaranteed Annual Income—born again.

[*Translation*]

THE HONOURABLE RENÉ LÉVESQUE

CONTRIBUTION TO NATIONAL LIFE—NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I give notice that on Thursday next, October 3, 1985, I will call the attention of the Senate to the contribution made by Mr. René Lévesque to the life of the nation.

QUESTION PERIOD

[*English*]

BANKING

CANADIAN COMMERCIAL BANK AND NORTHLAND BANK—COMPENSATION OF DEPOSITORS—REFERRAL OF SUBJECT MATTER OF BILL TO COMMITTEE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate to do with the business of this chamber.

The Leader of the Government will be aware that there has appeared on the House of Commons Order Paper a notice indicating that first reading will be given to a bill with respect to the reimbursement of those who had deposits in certain banks.

Would the Leader of the Government be able to tell us when he expects to move that the subject matter of that bill be considered by the Standing Senate Committee on Banking, Trade and Commerce?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I intend to ask my honourable friend, the chairman of the Standing Senate Committee on Banking, Trade and Commerce, to consider, with his colleagues, the moving of such a motion immediately upon first reading of this bill in the other place. My information, which I hope is accurate, is that that will take place on Thursday. Therefore, I expect that at some time on Thursday afternoon, during the course of our proceedings, the chairman of the committee will move a pre-study of that bill in the expectation that the investigation about which we have been talking for some time will proceed without delay.

Senator MacEachen: Honourable senators, I have one point which perhaps does not require underlining now. When this matter was raised earlier, the Leader of the Government agreed that the precise terms of the reference would not in any way inhibit the amplitude of the inquiry that members of the committee might make. I do not foresee any difficulty; I merely want to ensure that there is a meeting of minds on that point.

Senator Roblin: I expect that, in the usual way in which we do things, the motion will simply recommend that the subject matter of the bill be referred to the committee for pre-study. There would be nothing else in those terms of reference that would inhibit the activities of the committee.

ESTEY COMMISSION OF INQUIRY

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a supplementary question about the bill that has been the subject of questions between the Leader of the Opposition and the Leader of the Government in the Senate. From a press release, I note that Mr. Justice Estey has been appointed to inquire into the circumstances surrounding the failure of these two banks. The press release indicates that he will begin his hearings on Wednesday, October 2—that is tomorrow—and that he will submit his report to the Governor in Council as soon as possible.

Honourable senators will remember the circumstances surrounding the first failure. Initially it was going to be studied by a joint committee and then we were told that it was not going to be a joint committee but a House of Commons committee. Now I take it that there will be no investigation made by a House of Commons committee but that there will be this investigation undertaken by Mr. Justice Estey.

I have two questions arising out of those facts. Can the Leader of the Government in the Senate tell us when Mr. Justice Estey was first consulted? I note that the Prime Minister was acting on a recommendation of the Minister of Finance and of the Minister of State (Finance). I repeat my question: Can he tell us when Mr. Justice Estey was first consulted?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not have that information.

Senator Frith: I did not think that the Leader of the Government would have that information to hand, but, assuming that he will get it for us, my next question is: Will the government expect the bill to be passed before Mr. Justice Estey has made his report? May we expect to have Mr. Justice Estey's report before being asked to pass the bill?

Senator Roblin: Honourable senators, I regret that I have no means of knowing when the bill will be passed by Parliament. That will depend largely on the opposition.

Senator Frith: Honourable senators, I am not asking for a prediction. I am asking whether the government, as a matter of policy, is setting up this inquiry as background for the bill so that we will not be asked to pass it until we have Mr. Justice Estey's report.

Senator Roblin: I do not think that I should give an assurance of that kind because, while I do not have the bill in front of me, I suspect that the purpose and thrust of it will be to make it possible to reimburse those depositors of the bank who have sums on deposit in excess of $60,000. This, it seems to me, is an issue that is quite separate from that which will be examined by Mr. Justice Estey. Whether we should reimburse these depositors is an issue which I think is severable from Mr. Justice Estey's report. I think we can proceed with both issues at the same time.

Senator Frith: The Honourable Leader of the Government and I see matters differently. I had hoped that he might consider taking this question under advisement. If he says that he is not able to do so, then, in my view, that raises a question for all honourable senators.

Let us assume that the bill is before us and that we have no report from Mr. Justice Estey. The government will then be asking us to spend taxpayers' money to reimburse the depositors. The Leader of the Government is saying that our consideration of whether the depositors should or should not be reimbursed has nothing to do with the inquiry of Mr. Justice Estey. However, we act as trustees of the taxpayers. It seems to me that, if honourable senators and other legislators are being asked to spend the money of the taxpayers, it would be quite reasonable for them to be able to explain why that money is being spent. Part of their reasons can be based on a report from Mr. Justice Estey. It seems to me that the two matters are not separate but are very closely linked.

Senator Roblin: My honourable friend wants to debate the bill now and I think that that is a mistake. I think he should wait until the bill is before the committee in pre-study and before us later in this house. If he continues in his present frame of mind—if he does not wish to pass the bill until certain conditions have been met—then that is something he can tell us about in time.

Senator Frith: Honourable senators, I am not debating the bill. I am asking whether the government realizes that there is a close connection between the report of Mr. Justice Estey and the passage of this bill. To my mind, the government should be able to say if we are going to be asked to pass this bill and to reimburse the depositors with taxpayers' money even though we do not have that report before us. If that is the answer, then it is an answer.

[Senator Roblin.]

• (1405)

Senator Roblin: The connection that I see in the bill is the connection between the bill and the depositors of those banks who are anxiously awaiting Parliament's verdict on what will happen to their affairs; and the longer we keep them dangling and the longer we keep this uncertainty in the air, the less satisfactory it is for all concerned. I believe that would be particularly appreciated by those senators who come from western Canada and who are familiar with the local currents of opinion with respect to this matter.

So the policy of the government is to obtain the will of Parliament as soon as possible as to how we should treat the depositors. The other matters can be left for the consideration of Mr. Justice Estey who is going to examine it—and if my honourable friend wishes, there is nothing to stop him, when this committee meets, from asking all the questions he needs to ask to satisfy himself that this bill is proper or otherwise. He will have the opportunity; and if he considers it improper for us to proceed in the way we are doing—my policy statement on the matter is clear—he will have plenty of opportunity to express his views and to secure the support of those he can in this chamber.

Senator Frith: Honourable senators, that is perhaps an answer. I listened carefully to the Leader of the Government, and I understood him to say that the government's policy is to deal with the dangling depositors and that the sooner we can deal with that, the better that will be for all concerned. My question, again, is: Are the taxpayers not included in the "all concerned"?

Senator Roblin: My honourable friend will have an opportunity to express his concerns to the taxpayers when he is in committee. The government is making its position perfectly clear—

Senator Frith: Will the Leader of the Government—

Senator Roblin: If my honourable friend will allow me to make my statement. The government's position is perfectly clear. We consider that the first priority now is to satisfy the situation with respect to the depositors, and it is our conviction that Canadian taxpayers, when they hear the full story, will agree with the policy we are adopting.

Senator Frith: But they will not hear the whole story until after the report. However, that is an answer: The government's priority is the depositors. That answers my question.

Senator Roblin: I object to my honourable friend's statement that they will not hear the facts until after the report—

Senator Frith: Then why have the investigation and report?

Senator Roblin: My honourable friend can ask any question he likes to satisfy his curiosity in the committee, and he cannot slough off that responsibility on the Estey Commission.

An Hon. Senator: Hear, hear.

Senator Frith: What my honourable friend's impression is of his honourable friend—namely, me—is not dealing with the question. What I do or do not do concerning the committee is not the question. The question is: Will the government be asking Parliament to pass the bill, and spend taxpayers' money in consequence, before the Estey Commission has reported? I do not think I am misinterpreting the Leader of the Government by saying he is not prepared to say one way or the other, but that the priority in the bill is to look after the depositors.

Senator Roblin: That is correct. Our priority is to pass this bill; and my honourable friend has it within his own power to deal with this bill when he gets it. He is raising points on policy. What is his policy? Is his policy going to be to support the bill or not? We will hear about that in due course.

Senator Frith: Now, just a minute. Has Question Period now changed to the point that the Leader of the Government is asking what the opposition's policy is? What I am going to do or not do in committee, or what the opposition is going to do or not do in the committee proceedings, has as much to do with the question I asked as the flowers that bloom in the spring—

An Hon. Senator: Tra, la!

Senator Frith: The question was asked and explained, and I do not know why my honourable friend insists on saying what I can or cannot do. I tried to say that if I understood his answer correctly, it is that we might very well be asked to pass the bill, rescuing the depositors, without having the report of the Estey Commission. Is that not correct—apart from what I can do? I know what I can do. Don't tell me again what I can do.

Senator Roblin: I will be watching to see what my honourable friend actually does.

Senator Frith: More flowers that bloom in the spring.

Hon. John M. Godfrey: Honourable senators, I have a supplementary question with respect to the appointment of Mr. Justice Estey. A report in the Ottawa *Citizen* dated August 21, 1985, says:

> Canada's Chief Justice warned today that judges' independence may be compromised if they continue to sit on royal commissions and inquiries in which they're "embroiled in politically contentious disputes."
>
> In a speech at the Canadian Bar Association's annual meeting, Mr. Justice Brian Dickson repeated one of the basic tenets of law: "Justice must be seen to be done as well as be done."
>
> He said he's becoming "increasingly concerned" about certain extra-judicial activities which could tend to politicize the role of judges and potentially detract from their impartial and independent status.
>
> "I think there's always a great danger of a judge engaging in a royal commission—most of which are highly political and highly contentious— that his objectivity and impartiality, his independence may be prejudiced."

My question is: Did the Prime Minister discuss with Chief Justice Dickson the question of the appointment of Mr. Justice Estey before he actually made it?

• (1410)

Senator Roblin: Honourable senators, I cannot answer that question, nor am I entirely sure that I can undertake to answer it. However, I shall give my honourable friend my opinion, that it is quite likely that Mr. Justice Estey discussed the matter with Chief Justice Dickson before accepting the assignment.

NORTHLAND BANK—COMPENSATION OF DEPOSITORS—GOVERNMENT POLICY

Hon. H.A. Olson: Honourable senators, on September 25, I asked the Leader of the Government whether the government had given a commitment to compensating all depositors even those with deposits in excess of $60,000. However, the leader answered at the time that since the government was not faced with that situation he could not answer the question. However, if one reads the newspapers today one will get an indication. Can the leader indicate now whether it is government policy?

Hon. Duff Roblin (Leader of the Government): Is my honourable friend talking about the Northland Bank?

Senator Olson: Yes.

Senator Roblin: My honourable friend will see the government's full policy when the bill gets first reading on Thursday. At this point I do not have it, and I do not want to describe a bill that I cannot refer to accurately.

Senator Olson: The question is not very complicated. The Leader of the Government was able to answer that all the depositors in the CCB would be compensated. Is that also the policy of the government respecting the Northland Bank?

Senator Roblin: I see my honourable friend's point. I am firmly of the belief that the bill will cover both banks.

Senator Olson: Up to 100 per cent of all deposits?

Senator Roblin: Yes.

FISHERIES AND OCEANS

SALE OF CANNED TUNA UNFIT FOR HUMAN CONSUMPTION—CONSUMER CONFIDENCE—FUTURE OF STAR-KIST PLANT—GOVERNMENT POLICY

Hon. Eymard G. Corbin: Honourable senators, I have a question for the Leader of the Government in the Senate. I would like to know what, if anything, the government is currently doing in order to restore in the public and in the minds of consumers, at home and abroad, confidence in the wholesomeness of Canadian fish. Also, does the government have a plan to maintain the jobs of the workers at the Star-Kist plant in St. Andrews which, as everyone knows, has been seriously affected by the publicity of the past weeks?

Hon. Duff Roblin (Leader of the Government): I think I can tell my honourable friend that the government is examining in

depth the whole question of certification of the wholesomeness of food of every kind. I think that I am within proper bounds if I tell my honourable friend that some announcements may be made with respect to this matter when the policy has been thoroughly considered.

With respect to employment at the plant in St. Andrews, New Brunswick, one must hope that the plant will continue in operation, because it has produced an acceptable product over many a long year, no matter what one happens to think of the particular issue that has been in the public press so persistently for the last little while. I believe that it will continue to produce a good product. However, it is clear to me that the plant will have some difficulties in re-establishing the full market, and for the next short period of time I would expect that to be the situation. We will just have to wait and see how the matter develops.

INDEPENDENCE OF INSPECTORS

Hon. Philippe Deane Gigantès: Will the Honourable Leader of the Government in the Senate give us the assurance that these steps that are being taken will involve firm promises that there will be no more political interference with the work of professional inspectors in whom the public can put its trust without fear of partisan intervention?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think I ought to say to my honourable friend that when he sees the new arrangements that have been made he will find that they are a distinct improvement over the present ones which have been in effect for so many long years.

INSPECTION FUNCTION—CONSULTATION WITH INDUSTRY

Hon. Romeo LeBlanc: May I ask the Leader of the Government in the Senate if the government intends to lay the blame on the fisheries inspectors for the government's own problems and its own mistake in overruling them in their professional functions and capacity, and return to an old canard which is the sweetheart of central agencies, namely, that somehow everything will be perfect in food production if you centralize all inspection functions in one department, be it Consumer Affairs or another? I ask the Leader of the Government in the Senate if he can give an undertaking that the government will consult with the industry before eliminating inspectors in fish plants who are performing duties way beyond the duties of policemen, as it seems to have been interpreted.

Hon. Duff Roblin (Leader of the Government): My friend is really asking me to anticipate what the government intends to do in respect of this matter. I think I would be unwise to attempt to do that at the present time. However, the central point that I get from what he has said, and I think it is a sound observation, is that before any changes are made, there should be full consultation with those who are affected by those changes, and I agree with that.

[Senator Roblin.]

THE SENATE

VICTORIA BUILDING—SENATORS' PARKING

Hon. Pierre De Bané: Honourable senators, I have a representation to make to the Leader of the Government in the Senate. I had the honour to join this institution approximately a year and a half ago. I am one of that group, consisting of perhaps one-third of the Senate membership housed in the Victoria Building. For the last year and a half we have been asking for decent parking there. This morning it was pouring, as everybody knows. I am not one of those fortunate enough to have an office in this building. We have discussed this matter at length in the Internal Economy Committee. Some of my colleagues have even spoken to officials of the Department of Public Works about this matter.

May I ask the Leader of the Government in the Senate to speak to Mr. La Salle, the Minister of Public Works, about this matter so that those of us who are housed in that building can have decent parking there and not be subjected to the vagaries of the weather, as we were this morning?

I know that others in this chamber have been in that building longer than I have been. Some of your own party, in fact, are housed there and they have been very patient. How much longer must we wait before something is done to rectify this situation? Must we wait another year and a half, two or three years? I would like to have an answer.

Hon. Duff Roblin (Leader of the Government): I wish I could give my honourable friend an answer, but I am sure he knows as well as I do that the subject to which he has referred comes within the purview of the Internal Economy Committee. That is a body on which all parties in the Senate are represented. That is the body which can make whatever representations it likes to the minister, and that is also the body which has the responsibility for this matter. I sympathize with my honourable friend, because nobody likes to get their feet wet. On the other hand, I have to tell him that he is applying to the wrong official at the present.

Senator De Bané: With all due respect, I must tell the honourable leader that everyone on that committee is, of course, in favour of the idea that all senators in this chamber have decent working conditions. However, there is only one of us who is a member of cabinet and that is you, Mr. Leader. I would be very grateful if you would speak to your colleague, the Minister of Public Works, about this mattter.

We can discuss matters at great length in that committee, and everybody is in favour of motherhood, but it is only you who are sitting at the same table as Mr. La Salle, and I am sure you will defend our interests.

Senator Roblin: I am also in favour of motherhood. Don't count me out. It is an important institution. However, I have to say to my honourable friend that if I allowed myself to be seduced by his persuasive argument, I might find myself in the position of telling the Internal Economy Committee what to do, not only on this issue but on others. If I yield on this one, then people will ask, "Who is running the Internal Economy Committee?" Well, it ain't me, and I want to make that

perfectly clear. Therefore, despite my honourable friend's blandishments, I cannot give him much hope that I can do what he wants me to do.

● (1420)

CUSTOMS TARIFF

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. William M. Kelly moved the second reading of Bill C-71, to amend the Customs Tariff.

He said: Honourable senators, I should like to say at the outset how much I regret that Senator Sinclair is not present in the chamber today. He responded to my presentation of Bill C-60 by referring to the relative, as I believe he put it, "light weight" of the bill. He referred to that bill as being not too important. I simply want to say on the record that Senator Sinclair was appointed to the Senate after I was, so I suppose he is having difficulty understanding how the system works. My leader, quite properly, is cautious about assigning bills of too much weight to junior senators, such as myself. I wish to draw attention to the fact that Senator Sinclair's leader demonstrates the same care and caution in reserving bills of a lightweight nature for Senator Sinclair to respond to, as I think he should.

I hope that I have moved now to something a little heavier by sponsoring Bill C-71, which is a bill of considerably more significance than was Bill C-60. I am sorry to see that the burden has not fallen to Senator Sinclair to respond to this very difficult and complex bill. However, I will proceed in his absence.

Honourable senators, Bill C-71, which was recently passed by the House of Commons, proposes a number of amendments to the Customs Tariff. Its provisions were originally included in the notice of ways and means motion amending the Customs Tariff which was tabled by the Minister of Finance on May 23 as part of the budget papers.

Honourable senators, the Customs Tariff is a major commercial policy instrument which affects Canada's economic performance, trade interests and international relations. More specifically, the Customs Tariff has a direct impact on the costs, prices and competitive position of imported and domestically produced goods. It is therefore important that its provisions be kept up to date to reflect accurately the changing needs of domestic manufacturers and to ensure that our international commitments are implemented in a timely fashion.

A brief overview of the amendments to the Customs Tariff, which comprise Bill C-71, will make it clear that these objectives are met by this piece of legislation.

At the request of an independent automotive task force, Bill C-71 makes provision for motor vehicle parts imported from developing countries to be entered into Canada under the General Preferential Tariff at two-thirds of the most-favoured-nation rate as of May 24, 1985. Automobiles and other motor vehicles from developing countries will continue to be allowed duty free entry until January 1, 1987, at which time they will be subject to a 6 per cent General Preferential Tariff rate.

It should be noted that it was decided to defer the tariff increase on the motor vehicles until 1987 in order to give foreign vehicle manufacturers in developing countries an opportunity to increase the "Canadian value added" in their vehicles, thus enabling them to reduce the impact of the tariff through the use of existing automotive remission programs.

Recommendations of the Tariff Board to the Minister of Finance on two references are also being acted on in this bill. As honourable senators are aware, the Tariff Board is an independent body established to hear appeals on certain matters pertaining to the Customs Act, the Excise Tax Act and other federal legislation. It also, at the request of the Minister of Finance, conducts inquiries and makes recommendations to the Minister of Finance on tariff related issues. The Tariff Board has proven to be an effective "arm's length" forum in which Canadian manufacturers can make their views known about the scope, coverage and rate structure of tariff items covering products which they produce.

Honourable senators, I refer to the two specific references of the Tariff Board. First, action to prevent future erosion of the protective effect of the tariff on lightweight woollen fabrics and duty reductions on raw wool and woven fabrics for dyeing and finishing, continuance of five temporary tariff items by order in council covering wool fabrics for men's clothing, the government's response to this report is now complete.

Secondly, the government will also have completed its action on phase 1 of the report of the Tariff Board entitled "Tariff items covering goods made/not made in Canada."

The Tariff Board review of the "made/not made" items arose as part of Canada's Tokyo Round multilateral trade negotiation agreement with the United States. Last December, for 19 tariff items Parliament approved the removal of the condition that imported goods must be of a class or kind made, or not made, in Canada in order to be allowed entry at specified rates. This bill contains similar provisions for the remaining items of phase 1 of the board's report.

Several amendments take action on representations received from the private sector; most of these provide for lower rates of duty on various goods that are not made in Canada. A few restore rates of tariff protection that have been lost because of appeal decisions concerning the classification of goods. These amendments are varied in their impact. Three rather interesting examples will provide an indication of the benefits of the actions proposed in this connection. First, duty free entry is being provided for aluminum drop-centre livestock trailers, allowing livestock producers and trucking companies to lower their costs in transporting livestock by road; second, all industrial workers using welders' helmets and face shields, as well as industrial face shields, will be assured that the costs of such important, protective equipment are kept to a minimum through the duty free entry of all these pieces of safety equipment; and, third, all those interested in encouraging the safer participation of their sons and daughters on the football

field will welcome the proposal to provide duty free entry of football helmets, face masks and shoulder pads.

Again referring to Senator Sinclair—and I must say I am so sorry that he is not here—in looking through this vast book of items that were covered, I came across something that I felt was of particular interest to him. He has been an associate and friend of mine for many years so I may be excused for perhaps appearing to be somewhat less than respectful, but please keep in mind that we are friends. Tariff item 40904-1 has to do with the clarification of the definition of manure spreaders. I felt that Senator Sinclair would be particularly interested in that because that is a device that I believe he has need for many, many times.

Senator Murray: Here he comes.

Senator Kelly: I shall hasten to the end of this because I want to get clear of him.

Senator Frith: We should reverse the tape and hear a replay.

Senator Kelly: In order to streamline the Department of National Revenue's administration of the tariff, particularly insofar as the travelling public is concerned, Canadians will now be able to import duty and tax free goods up to $100 any number of times during the year, provided they have been absent from the country for 48 hours. Canadians are currently restricted to one such importation per calendar quarter.

Furthermore, authority previously delegated to the Minister of National Revenue will now be delegated to the deputy minister of that department which will enable him to impose or remove seasonal tariff rates on certain horticultural products as Canadian production comes on line or ceases. This will ensure that protection designed for the Canadian agricultural producers is available when needed but that consumers are able to purchase imported products at as low a cost as possible when Canadian production is no longer available.

Honourable senators, it is clear that Bill C-71 contains a number of tariff measures which are important to certain segments of the Canadian economy and, in some instances, to individual citizens. It is also in keeping with Canada's international undertakings and meets a number of our specific international commitments. This is a brief summary of the provisions of this legislation which should provide sufficient information to honourable senators on the reasons why Bill C-71 deserves speedy consideration and approval of this chamber.

On motion of Senator Hicks, debate adjourned.

● (1430)

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Tremblay, for the second reading of the Bill C-69 intituled: "An Act to amend the Canadian Institute for International Peace and Security Act and certain other Acts in relation thereto".—(*Honourable Senator MacEachen, P.C.*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, it was our understanding that the debate on Bill C-72 was to proceed today. Senator MacEachen does intend to proceed on Bill C-69, but he has just left the chamber for a few moments. Perhaps we can revert to this order later.

The Hon. the Speaker *pro tempore:* Is it your pleasure, honourable senators, that we postpone this order until later this day?

Hon. Senators: Agreed.

Order stands.

NATIONAL FILM BOARD

MOTION TO EXAMINE AND REPORT ON FILM ENTITLED: "THE KID WHO COULDN'T MISS"—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Molson, seconded by the Honourable Senator Macdonald (*Cape Breton*):

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the activities of the National Film Board with respect to the production and distribution of the film "The Kid Who Couldn't Miss".—(*Honourable Senator Godfrey*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Godfrey was in the chamber earlier, and it is my understanding that he wishes to proceed on this order today.

Hon. Duff Roblin (Leader of the Government): He was here; I can vouch for that.

Senator Frith: Perhaps we can also stand this order until later this day.

The Hon. the Speaker *pro tempore:* Honourable senators, is it your wish that we postpone this order until later this day?

Hon. Senators: Agreed.

Order stands.

VETERANS AFFAIRS

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE AUTHORIZED TO ADJOURN FROM PLACE TO PLACE WITHIN CANADA

Hon. Jack Marshall pursuant to notice of Thursday, June 13, 1985, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology, which was authorized by the

Senate on Wednesday, December 12, 1984, to review and update the recommendations contained in the Report of the Standing Senate Committee on Health, Welfare and Science, entitled: "They Served—We Care", tabled in the Senate on 20th October, 1981, and to enquire into any matter related thereto, or any sub-committee so authorized by the Committee, be empowered to adjourn from place to place within Canada for the purpose of such consideration.

He said: Honourable senators are aware that the Standing Senate Committee on Social Affairs, Science and Technology was authorized to form a sub-committee to deal with veterans affairs, which I am happy and honoured to chair.

I would remind honourable senators of the report which was produced by the former committee of the Senate on Social Affairs, which made seven recommendations to the Government of Canada concerning various anomalies in the veterans legislation and some of the programs which we felt should be put into practice. We are pleased to note that the Government of Canada has implemented legislation covering four of those recommendations.

With the age of veterans being what it is, I feel it most important that government should consider the three remaining recommendations carefully, as they are being considered by many of the veterans groups across the country including, particularly, the Dominion Command of the Royal Canadian Legion and the National Council on Veterans Affairs.

I believe that two of the outstanding recommendations are most important. One has to do with the eligibility of veterans residing outside of Canada. I feel it is urgent that this be recognized. I know that the Minister of Veterans Affairs has this matter under active consideration. However, because of the age of veterans, I feel the urgency of this should be stressed at every opportunity.

Honourable senators, another point which I have previously mentioned in this chamber has to do with the fact that many veterans without Canadian military service have, since 1960, been able to draw veterans allowance in Canada and then return to their homeland or other countries and continue to receive the allowance. This situation prevails in the case of allied veterans who moved to Canada and, as a result of legislation which gave them eligibility after residence of ten years in Canada, were able to qualify for War Veterans Allowance. Having received it, they then returned to the foreign country and remained eligible to receive this allowance. Yet, our Canadian veterans—many of whom had lengthy overseas service—who took their discharge and remained, for instance, in the U.K., now, under the act, find it necessary to return to Canada, remain here for at least one full year and be in receipt of the allowance before proceeding back to the U.K. Because of the costs involved, illness, age and other commitments, few are financially able to do this.

I believe it is important to remind honourable senators that, when the Canadian soldiers, the youth of our country, went overseas, no one told them that, if they served overseas, they would have to return to Canada in order to be eligible for the benefits to which we committed ourselves.

To qualify for the allowance, our veterans who are now aged approximately 65, would have to leave their families in, say, the U.K., return to Canada, qualify immediately and spend a year here. Meanwhile, they would have to pay not only for their own shelter and accommodation in this country; they would also have to provide shelter and accommodation for the family they had left behind.

Honourable senators, payment of this allowance to those veterans would not cost Canada a lot of money because many of them are receiving social assistance in the U.K. We would be paying only for their treatment benefits and the difference between the amount they are receiving under social service programs and the amount they would receive if eligible for the allowance.

The Canadian Legion, in the report which they submitted to our committee a few months ago, says that it is only fair to extend the legislation to provide eligibility for those Canadian service men and their widows without forcing them to come back to Canada for one year. This prerequisite really accomplishes nothing except to impose expenses on and create hardship for those involved. If the allowance can be paid to non-Canadians after ten years' residence in Canada and can be continued for life after their departure from this country, then surely our own veterans living outside of Canada should receive the same benefits without being compelled to return.

● (1440)

That is one of the recommendations contained in the report "They Served—We Care" which has not, as yet, been fulfilled. While I recognize that it is being examined carefully, I think that our committee must do everything it can to impress upon the government the need for that change.

Another matter to be raised is that, under Prisoner of War Compensation, there is an unfair variance in compensation given on the basis of the length of incarceration. Between those veterans who served only three months and those veterans who served up to three years, there is only a difference of between 10 and 20 per cent in compensation. I think it is very important that this discrepancy be taken care of in more realistic terms. I hope that, through our committee, we can impress upon the minister and the government that that is an anomaly in veterans' legislation and it should be corrected.

Honourable senators, these are only two of the items which we would like to take up in committee. There are others, and I will mention them briefly. There is now a move towards recognizing the eligibility for war veteran's allowance of those who served in Canada for one year. There is certainly a change that has to be made under the Charter of Rights—women qualify for war veteran's allowance at age 55, while men have to wait until they are 60. I maintain that this is reverse discrimination and should be corrected. In the veterans legislation, there are many anomalies that still exist—those related to pension adjudication, casual earnings, and, particularly, the

new aging veterans program, which, although it is successful, does not include all of the veterans.

I would appreciate the authorization sought in this motion, honourable senators.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, as Senator Marshall has pointed out, the reference has already been made to the committee as of December 12, 1984. All we are really concerned with is the additional power he is requesting to enable the committee to adjourn from place to place within Canada for the purpose of such consideration. Has he any idea whether there is any budgetary problem involved with that? If not, it seems to me that we should adopt the motion.

Senator Marshall: Originally, I had no definite information as to where the committee would travel, so it was an inconvenience to seek the necessary funds. The most important place to visit is Charlottetown where the headquarters of the Department of Veterans Affairs is located. The plan is to go through all of the offices there in order to learn more about how the legislation is implemented, with a view to examining the background to these recommendations that we are making. If need be, the committee will visit other parts of Canada in order to hear different views on a country-wide basis.

Senator Frith: I understand that and I am persuaded that these powers are needed. I am only asking whether there has been a draft budget submitted to the Internal Economy Committee. Does the chairman of the committee who is also the sponsor of the motion know whether there might be a shortage of funds, because adequate funding is necessary to empower him to carry out this investigation?

Senator Marshall: We have a budget ready and I will take my chances.

Motion agreed to.

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY ACT

BILL TO AMEND—SECOND READING

Leave having been given to revert to Order No. 3:

> Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Tremblay, for the second reading of the Bill C-69, intituled: "An Act to amend the Canadian Institute for International Peace and Security Act and certain other Acts in relation thereto".—(*Hon. Senator MacEachen, P.C.*).

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, in taking part in the debate on second reading of this particular bill, I should like to thank Senator Macquarrie for introducing it and for making some very important comments about the purposes of the institute and its activities. I have no difficulty with the amendments which are proposed, which are, basically, of an administrative or housekeeping character. I would like to make a few general comments with respect to the circumstances which led to the idea of creating an institute, and then refer to some specific activites with respect to the Canadian Institute for International Peace and Security.

The idea for the institute was first mentioned in the Speech from the Throne of December, 1983, in which His Excellency the Governor General stated:

> Improving the climate among nations requires knowledge, creativity and a determination to find solutions. Reflecting Canada's concern about current international tensions, the Government will create a publicly funded centre to gather, collate and digest the enormous volume of information now available on defence and arms control issues. Fresh ideas and new proposals, regardless of source, will be studied and promoted.

That speech was delivered in an atmosphere of East-West relations which, at that time, was much more tense than it is today. At the time the institute was promoted, in the context of Mr. Trudeau's peace initiative, there was certainly cessation in the arms negotiation talks in Geneva, and certainly the prospect of a summit between the leaders of the Soviet Union and the United States was almost non-existent. Happily, the international atmosphere has improved. Today, we have resumed negotiations in Geneva and we have the prospect of an early summit—the first summit between President Reagan and his counterpart in the Soviet Union. By way of preparing his approach to the summit, the president is consulting his allied colleagues.

When I spoke in the final debate in the House of Commons supporting the original bill, I made a comment or two which I think may be worth repeating in order to set this subject in its historical context. I said:

● (1450)

> The Institute for International Peace and Security is the legacy of Canada's latest peace initiative, an initiative which all parliamentarians have supported and earnestly encouraged. In recent months we in Canada have made a special effort through the Prime Minister (Mr. Trudeau) and his associates to make a contribution to the search for peace, and particularly to bring about an improved atmosphere in a deteriorated East-West relationship. As I said, that effort has been encouraged by Canadians. It has been supported by all Members of the House, and I believe the effort that Canada has made, led by the Prime Minister, has been outstanding, has drawn attention to very important issues, and has had an effect in lessening the tensions which still exist in a serious way between the East and the West.

As I said, honourable senators, the atmosphere has happily improved, but the necessity for support for the Institute for International Peace and Security has not in any way diminished. It was the intention of all members of Parliament, and particularly the members of the standing committee in the House of Commons—and certainly in this body—to create a world class institute, an institute of which Canadians could be

proud. Even though we have a lessening in tensions, I do not believe that the necessity for the institute has diminished.

It was apparent in our discussions on East-West relations—and I think it is still apparent—that there are relatively few Canadian sources of information and expertise. I should not say that those sources are non-existent in Canada, but they are relatively few. I made that point in the House of Commons debate in saying:

> At present the principal sources of information on defence and arms control questions lie beyond our borders. This means that public judgment in Canada is shaped by perceptions of security devised by others and for the most part reported by others consequently. Issues of special importance to Canada have not received adequate coverage, nor have the concerns of Canadians been fully appreciated.

I believe that is still evident. Frequently, when leading television programs call upon experts to deal with matters of international security, matters of peace and war, almost always the expert is from the United States or Europe, and seldom is a person from Canada—even though in this country there are those possessing the necessary qualifications—called upon to give an opinion on these developing circumstances.

It was interesting to me, honourable senators, in reading the report of the Special Joint Committee of the Senate and the House of Commons, chaired for the Senate by our colleague, Senator Flynn, to find that reference was made to this particular problem. The committee had to struggle with the question of making a recommendation on the Strategic Defense Initiative. We may have an opportunity later to discuss the conclusions of the committee on that question. I hope we do, because Senator Flynn has promised that he will be moving a motion that would put that report before us.

The committee, on the subject of Canadian information, made the following comment—and I am quoting from page 18:64 under the heading "Commitment to Arms Control":

> The majority of the Committee was struck by the fact that an overwhelming portion of the testimony it received, both in favour of and in opposition to the SDI was drawn from secondary sources, such as journals, magazines and newspapers of U.S. origin. They concluded that a significant Canadian effort is required to inquire into the strategic and technological issues involved in ballistic missile defence and they recommend that the government continue to do primary research on the subject of ballistic missile defence and attempt to expose the public to primary sources of information on this issue.

A very good thought and very relevant to the purposes of this Canadian Institute for International Peace and Security—because one of its purposes was to create a centre in Canada that would add to the expertise in this country relating to questions of international peace and security, in which Canada has a very deep interest, to which Canada has a deep commitment and a deep desire to make an important contribution.

What the committee found in its deliberations just recently is an added reason why we should pay a good deal of attention to the institute, which has the capacity to add to Canadian expertise and knowledge.

Another important point I want to stress is that when the original bill was in the House of Commons, there were provisions made that the minister could ask the committee for advice in relation to any question involving international peace and security. It certainly was the view of the government of the time that it would be useful when confronted with an important question—for example, the testing of cruise missiles in Canada—to have the opportunity to go to a body like the independent Canadian Institute for International Peace and Security and ask it for its views, which could be tested against, or added to, the views which would normally come from the Department of National Defence and the Department of External Affairs.

The minister has the opportunity to ask the institute for advice. I believe it is a good provision, and I want to ask the spokesman for the government whether the Secretary of State for External Affairs, or the Minister of National Defence, or the Prime Minister, have taken advantage of that opportunity to ask the institute for advice on any questions—such as, for example, the Strategic Defense Initiative, or any other matter related to international peace and security; because, when we come later to the composition of the board of the institute, we will find that it is made up of a very diversified group of people, reflecting many viewpoints, and its advice might be useful to, although not necessarily binding on the government.

Members of the House of Commons asked why, if the minister could ask for advice, the standing committee of the House of Commons could not ask for advice. A provision was put into the bill enabling the members of the Standing Committee on National Defence and Foreign Affairs in the House of Commons to ask, with the consent of the House, for the views of the institute on matters relating to international peace and security.

I must in a sense apologize, being the one who presented the bill in the House of Commons, for not having provided the opportunity for the standing committee of the Senate, if it wished, to make a request to the institute for an opinion or advice.

An Hon. Senator: An oversight.

Senator MacEachen: I apologize. I regret that my oversight was not picked up when the bill came to the Senate.

• (1500)

Senator Roblin: There is a reason for that.

Senator MacEachen: It may be that we ought to think of recommending, if we are not bold enough to make an amendment, that the Senate be given treatment equal to that given to the House of Commons.

Having made that point, which is not one that I would press very hard, I was interested, after looking at the long list of persons who appeared before the Joint Committee on Canada's International Relations with relation to the trade issue

and the Strategic Defense Initiative, in noting that I could not find that the Canadian Institute for International Peace and Security had made a formal submission to that committee dealing with the relevant question of Strategic Defense Initiative. Perhaps the spokesman for the government or a member of the committee can enlighten us as to the reasons why this institute was not called upon formally to present its views before recommendations were made to the Commons and the Senate.

The first annual report of the Canadian Institute for International Peace and Security has been published. Included in the report are pictures of the members of the board of directors and a brief biography of each one. It is an impressive list of persons. Honourable senators will recall that consultations were held with many national organizations, all of which made recommendations as to persons who might sit on this board. Then there were consultations with all the political parties in the House of Commons so that when the bill was concurred in on June 28, 1984, it was possible for the Secretary of State for External Affairs, myself at the time, to list in the House of Commons the names of all those who had been approved. I find that that undertaking has been carried out and that everybody is included in the photograph except three members. These are the international members of the board.

Perhaps the honourable senator who is sponsoring this bill for the government would tell us why we have not yet—or have we?—appointed the three persons who are on the original list. They include Mr. Paul Warnke, former Director, U.S. Arms Control and Disarmament Agency; Mr. Ian Smart, former Director of Studies, Royal Institute of International Affairs, London; and Mr. Christoph Bertram, editor of *Die Zeit*, and former Director of the International Institute for Strategic Studies, London. The annual report states that it is likely that two of the international members will be appointed. A lot of time has passed since June, 1984. It may be that the appointments have been made, but I would like to know if that is the case, and, if so, the names of the persons appointed. While it is important to have Canadian views on these questions, I think it is also useful to have the views of the European countries and the United States when dealing with questions of international peace and security.

Even though the impulse for the Canadian Institute for International Peace and Security derived from the deteriorated situation in East-West relations, the institute has a role beyond that. Certainly, it has a role in any area and in dealing with any subject that affects international peace and security anywhere in the world. Just recently, the institute funded a round table conference in Ottawa on negotiations with respect to peace in Central America. I read in the annual report that in October there will be a workshop or conference in Ottawa on the question of the Strategic Defense Initiative and all its implications. I noticed also that the institute has supported financially various studies in various fields and various programs that have a bearing on international peace and security. As of the end of last month the institute has funded 62 different research and public education grants totalling about $500,000.

From what I have said honourable senators will readily gather that I am very much in support not only of the institute and its efforts, but of the bill itself because it gives us an opportunity to approve the amendments and an opportunity to recall the circumstances in which the initiative was launched, the fact that it received all party support, that those who are leading it, the board of directors, received the endorsation of all parties and that it was launched in that spirit. I believe that we are fortunate, not only to have the directors who are listed in the annual report, but also the chairman, Mr. Bill Barton, an outstanding Canadian diplomat and, as the Executive Director whom Senator Macquarrie has mentioned, Mr. Geoffrey Pearson. I must say that insofar as the government of the day was concerned, when Mr. Pearson was proposed as one who might be considered a suitable Executive Director, he received its support. When the board of directors met and deliberated, as was provided for in the legislation, they selected Mr. Pearson. The choice of Mr. Pearson, as well as that of Mr. Barton, has received the support of the present government, as it received our support at that time.

I hope that we will keep a watchful eye on this institute. It may be premature to have a discussion on the institute in the Standing Senate Committee on Foreign Affairs but later on, as it develops in its work, it would be a good thing for us to have the chairman and the director appear before our committee in order to hear about their work and to present our views so as to ensure that as the program develops it continues to meet the original objectives of Parliament. It would also give us the opportunity to ensure that the effort is not being spread too thin, but is being concentrated in areas that have a chance of making a contribution to a better understanding of the obstacles to peace and security in the world and to the development of policy in this area.

• (1510)

Perhaps, honourable senators, Senator Macquarrie will take into account the questions I have asked and if he does not now have the information, he might provide it when we give third reading to the bill.

Hon. Stanley Haidasz: Honourable senators, I would like to ask a question of the sponsor of Bill C-69 with respect to the membership of the board of directors of the Canadian Institute for International Peace and Security, since the Leader of the Opposition has named three possible directors from outside of Canada. Is the sponsor aware of any internal regulations pertaining to this bill, or any clauses in the original act which provide criteria and qualifications relating to a director who can serve on this committee, whether he be from an English-speaking democracy or from any other country or any other continent of the world?

Hon. Heath Macquarrie: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I draw the attention of honourable senators to the fact that if the Honourable Senator Macquarrie speaks now, his speech

will have the effect of closing the debate on the motion for the second reading of this bill.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have not much to add to the debate that has taken place in this chamber with respect to this bill, but I do want to refer to an observation made by the Leader of the Opposition with respect to the reference in the bill to the presentation of the activities of this institute to bodies in the House of Commons.

We are, of course, always interested to have this chamber recognized in legislation from time to time as may be deemed appropriate, and perhaps it was an oversight that it was not included in the original legislation. However, whether or not it was an oversight does not prevent us from correcting it, because in this chamber we have quite a different committee system, by which I mean to say that the committees themselves can decide what they wish to do. They do not require a reference from this house, except of a general nature. On the other hand, if they do require a reference from this house, it can be given in accordance with the expressed will of the Senate rather than by a decree of the executive.

Therefore if honourable senators think that representatives of this body whose activities we are discussing should appear before the Standing Senate Committee on Foreign Affairs to deal with the matters we have raised and to give an account of its activities, there is nothing to prevent that committee from so arranging, and without in any way attempting to instruct the members of that committee, I simply say that the matter is before them. If they feel that it requires their attention, they are free to act, and the notion that it requires executive agreement has no bearing on our procedure.

Senator Macquarrie: Honourable senators, I would like to take the opportunity of thanking Senator MacEachen for his comments. We knew that those comments would be good and helpful because we know that he was a very fine Secretary of State for External Affairs. As I promised him when he came to the Senate, because I was a great friend of his I would never talk about his tenure as Minister of Finance. However, as Secretary of State for External Affairs, he was a positive force in the world and, in my opinion, one of our best ministers. He has again proved himself today by his wisdom and his counsel and even by his confession that, in another place, he may have been a bit remiss in considering the rights and the importance of this honourable chamber which he now graces and in which we value his presence.

I will take the question that Senator MacEachen has asked, and similarly that asked by Senator Haidasz and, in a researched and academic way, verify what I am confident will be answers with which they will be content.

In these matters, when an organization of some sort is set up, members of Parliament of both houses are anxious to display their interest in, concern for and support of such an organization. However, in the process, we might momentarily be working against the arm's-length principle upon which the whole thing depends. Senator MacEachen was profoundly correct in his suggestion that, while it may have been created in the days of obvious East-West tension, the institute should not confine its emphasis to that particular aspect of foreign policy. As Senator MacEachen rightly indicated, in the projects which this institute has already undertaken, it also has demonstrated that it is not so limited.

At this stage it is not for me to introduce new material, but I hope that honourable senators will allow me to confess that, in the old material, I made an omision. I regret that I did not make reference to Ambassador William Barton, the chairman, whom I first met at the United Nations longer ago than his appearance would indicate. He is a man whom I have admired for a long time and I think the institute in Canada is most fortunate that he is its chairman, together with that distinguished gentleman diplomat, Geoffrey Pearson, the Executive Director. I am glad to get the reassurance from my honourable friend that Mr. Pearson was the chosen candidate of the former government, because he is truly a proven and dedicated statesman.

With reference to such other answers as may be required, I will consult with such people as Senator Roblin, Senator Macdonald and other learned persons and have that information available when the bill comes before us for third reading.

Motion agreed to and bill read second time.

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

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

NATIONAL FILM BOARD

MOTION TO EXAMINE AND REPORT ON FILM ENTITLED "THE KID WHO COULDN'T MISS"—DEBATE CONTINUED

Leave having been given to revert to Order No. 4:

Resuming the debate on the motion of the Honourable Senator Molson, seconded by the Honourable Senator Macdonald (*Cape Breton*):

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the activities of the National Film Board with respect to the production and distribution of the film "The Kid Who Couldn't Miss".—(*Honourable Senator Godfrey*).

Hon. John M. Godfrey: Honourable senators, the reason I am speaking on this motion is really to discuss the problem of this type of matter being referred to a committee. This point has already been well covered by both Senator Frith and Senator MacDonald. I have seen the film and can only say that I do not wish to go into the merits of the film itself at this point.

● (1520)

I recall the question of government interference with cultural organizations, which is so topical lately. When I was appointed to the board of directors of the Canada Council

approximately 15 years ago what people spoke most to me about for the following year or so was two grants the Canada Council gave, one of $800 to a piano smasher in Vancouver—that was supposed to be a new art form—the other in the amount of $3,000 was given to the town fool of Vancouver. That was supposed to be an old art form. Those grants were the result of a whimsical sense of humour on the part of Peter Dwyer, the then Director of the Canada Council. Those grants had been given before I was a member of the board of directors. Nobody ever mentioned the other $42 million in grants given out each year. The board had already handled those matters by telling the staff in no uncertain terms that those were matters they should draw to the attention of the board before authorizing grants because of political flak and adverse publicity.

After I had served on the board for approximately 18 months, an emergency meeting was called of the executive committee. That meeting dealt with bitter complaints about government interference because the Secretary of State's Department was authorizing grants to cultural organizations that council officials thought should go through the council. Honourable senators should remember that this took place 14 years ago.

When I listened to all of those people I must confess that I blew up. I said: "Listen, has anybody, the Director, the Associate Director, the Chairman of the Canada Council, spoken to the Secretary of State, the man we rely on to obtain our funds, Mr. Pelletier?" I asked whether anyone had asked him to attend a meeting with the Canada Council or whether there was any liaison with the man we were looking to for funds to support the council's causes. They confessed that they had not and were persuaded to invite Mr. Pelletier to a meeting. He spent two hours with the board. I must say that that was a very productive and pleasant meeting. We discussed various mutual problems.

One has to be pragmatic on this question of arm's length as it relates to grants to cultural organizations. I will give honourable senators an illustration: Let us suppose that the Canada Council decided that it was only going to donate to large organizations, such as the Toronto Symphony Orchestra, the National Ballet of Canada, the Stratford Festival, Canada Opera, and the Montreal Symphony, instead of spreading the money around amongst many small organizations as well. Surely the government would have a right to step in and question them on that policy. I think that the same rule applies to any of these art organizations. The government should have the right to lay down some kind of general policy without getting into the nitty-gritty.

Having got that off my chest, I will come back to the National Film Board. I do not think that having the officials of the National Film Board appear before a parliamentary committee is the same as so-called government interference or government non-arm's length. I think Parliament is the watchdog of the expenditures and can go into the details. I think that if a cultural organization has done as the National Film Board has done in this case, they should explain and defend their actions to a committee of Parliament. They should have to justify their expenditures. Even though it may now be too late to undo the damage, if at this stage such an action should be taken, at least they will be more cautious in the future.

Some Hon. Senators: Hear, hear.

Senator Godfrey: For that reason, I support the motion of Senator Molson.

Hon. Philippe Deane Gigantès: Honourable senators, the last phrase my honourable friend, whom I much admire, used perturbs me.

Hon. C. William Doody (Deputy Leader of the Government): Is this a question? You have spoken in the debate already.

The Hon. the Speaker *pro tempore:* I am sorry, senator, but—

Senator Gigantès: May I ask a question?

Senator Godfrey: Certainly.

Senator Gigantès: Do you not find that the last phrase of yours is precisely what is most disturbing about examining an opinion that has been presented by other people in an atmosphere in which we are going to induce in them the idea that they must be more cautious next time? And where do we stop? I will not bore you, honourable senators, with John Stuart Mill; they have all warned against this. Do you not think that the pride of the Canadian democracy is freedom; do you not think that the pride of the Canadian democracy is that in this country—

Senator Doody: Question!

Senator Gigantès:—we can have separatists in power, whereas in other countries they are in jail? Do you not think that this is what makes Canada ideal and great?

Senator Godfrey: When I said that they would be more cautious in the future, that was an unfortunate turn of phrase. What I really meant was that they should be more careful and accurate in the future, and I do not make any apologies for that.

When I saw the film—and I did not want to get into the film—a mechanic was speaking. Everyone who saw the film was under the impression that this mechanic was saying exactly what Billy Bishop's mechanic had said 65 years ago. It turns out that he was saying what a lot of other people were reported to have said.

As far as I am concerned, the film was misleading and inaccurate and, therefore, they should be more careful in the future in doing better research. That is what I really meant.

Senator Gigantès: Does the honourable senator think that intimidating writers and film producers before a Senate committee is really the best way to obtain more accuracy? Would he not concede that, on the contrary, that would expose the Senate, and quite properly so, to accusations of censorship?

Senator Godfrey: I have had correspondence with the Director of the National Film Board. There was a man by the name

of Group Captain Bauer who went over there two or three years ago to conduct research. I believe that Senator Molson financed a later trip. Anyway, he did a great deal of research. I have written to the Director of the National Film Board about that. They have not answered the points I made in detail. I think it is about time they appeared before a body to answer those questions and not just brush those things aside.

Hon. Charles McElman: Honourable senators, briefly and unusually in support of Senator Godfrey, I think that what we have to appreciate is that, yes, there is a great necessity for maintaining an arm's length relationship between the agencies of government and government itself in some cases. That does not apply in the same sense as between an agency of government and Parliament. Parliament has not only the right as the supplier of agencies of government—and I use "supplier" in the context of financial support—but the obligation to act on occasion, when it is called for, as a brake upon the untoward activities of agencies of government.

I think this is a clear case where one of the icons of Canada, one of our great heroes, has been demeaned in a most outrageous fashion by an agency of government. It is an ideal situation for Parliament, not government, to send a signal to those people that there are some things that are not acceptable in this country, and one which is not acceptable is tearing down the reputation of a man such as Billy Bishop.

I support Senator Molson's motion.

On motion of Senator Doody, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 2, 1985

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

Prayers.

QUESTION PERIOD

[English]

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE—UNITED STATES AMBASSADOR'S COMMENTS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I am sure that most of us noticed the comments made by the Ambassador of the United States on the question of free trade talks, at a Chamber of Commerce meeting. I have no objection to the ambassador giving his views on these subjects because I think it is quite useful, but he did raise some important points upon which it would be interesting to ascertain the policy position of the government. In urging Canada to engage in the widest possible discussion on the topic of free trade, he advised Canadian lumber producers that it would be wise for them to restrict their sales to the United States market, a warning which, on the face of it, seems to be contradictory to the whole concept of free trade.

I ask the Leader of the Government whether the government is prepared to state that it finds such a suggestion quite offensive, as Canada has now indicated its intention to engage in talks, and the ambassador seems to imply, to say the least, that it would be useful if Canadian producers were now to engage voluntarily in a restraint of trade.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think we must allow the ambassador the right, as my honourable friend suggested, to present his views which, presumably, are the views of the Government of the United States, in connection with the proposed opening of negotiations on the question of enlarged trade between our two nations. I do not think that we should take those comments as being indicative of policy on the part of the Government of Canada, as I am sure nobody does. As to whether or not it is the intention of the government to take up the suggestion at the present time, I would think that it is not our intention to do so.

If I can interpret what the ambassador was trying to tell us—and I may be incorrect in this and I will be seeing him this afternoon and perhaps I can ask him—he recognizes certain obstacles in the United States that will have to be dealt with by their administration rather than by ours. That seems to be at the heart of his particular dilemma. The Government of Canada, as far as I am aware at the present time, has no comment to make on the speech made by the ambassador.

Senator MacEachen: It is timely that the Leader of the Government is meeting the United States ambassador this afternoon. He might seek clarification from him as to what his meaning is when he suggests to Canadian lumber producers to engage in voluntary restraint, which is quite inconsistent with a free trade posture. But that is not really my question.

What I asked the Leader of the Government was: Would the government itself not find it unacceptable to have advice given to Canadian lumber producers by the United States ambassador to restrict their sales into the United States—sales that are legitimate and that have proven to be not in contravention of any international agreement even by American procedures? Is that the view of the government, or does the government find some merit in this suggestion?

Senator Roblin: My honourable friend amuses me because for a number of years he had to respond to the statements made by the previous United States ambassador with respect to Canadian affairs which, I think, went a good deal deeper into our national psyche than does this particular matter. He has some experience in dealing with these matters. I confess I have not.

I was encouraged by the general tone of the ambassador's statement because he seemed to say that the door was open. I think what he was trying to tell us was that he saw certain obstacles which would have to be dealt with in the course of discussions, and I am sure that is the truth.

As to the question whether the Canadian government is advocating that particular policy with respect to lumber exports to the United States, the answer is, positively, no.

Senator MacEachen: I hope you tell him that.

FISHERIES AND OCEANS

SALE OF CANNED TUNA UNFIT FOR HUMAN CONSUMPTION—SUGGESTED INQUIRY

Hon. Stanley Haidasz: Honourable senators, my question is for the Leader of the Government in the Senate. In view of a recent CBC news item reporting a statement of a fishing industry spokesman that seven Progressive Conservative members of the House of Commons met last April to discuss the tainted tuna problem, can the Leader of the Government state whether his government will respond positively and hold a federal inquiry into this matter to restore public confidence in fish products?

Hon. Duff Roblin (Leader of the Government): I do not think my honourable friend really expects me to confirm or

deny statements in the newspaper. There have been so many on this particular issue that one can hardly keep up with them.

As far as the government's policy is concerned, we have dealt effectively, promptly and, I think, correctly with the tuna industry problem.

HEALTH AND WELFARE

HAZARDOUS PRODUCTS—GOVERNMENT POLICY

Hon. Stanley Haidasz: In agreeing to the leader's statement that the government has reacted promptly and correctly in the tuna situation, I should also ask him: Is the federal government also going to remove other harmful products from the store shelves of this nation, such as alcohol and tobacco which the government has already stated are hazardous to health?

Hon. Duff Roblin (Leader of the Government): I have to admit that my honourable friend raises a problem that has perplexed public men over the last century or two. I can recall that the temperance movement in this country was very strong at one time. In my own province it succeeded in carrying a referendum by which all liquor was abolished and banned from the shelves of stores in the province and from the reach of citizens. We found, however, that this measure was not one that really reduced the consumption of alcohol or dealt with the problem.

If my honourable friend wants to make a suggestion as to how—

Senator Frith: Tuna bootleggers!

Senator Roblin: —to impress upon the public the dangers of alcohol consumption and of smoking cigarettes, I would be glad to accept his suggestions and see what we can do with them.

The government has taken its clear stand on the matter because we have supported a number of measures to try to bring the use of both of these products under control, but, human nature being what it is, I think it would be foolish to strive for perfection.

Senator Haidasz: I have a question in response to the leader's comment regarding further suggestions about how to protect the Canadian public from the harmful effects of tobacco.

The federal government, I believe, can, if it wants to, start in its own domain by forbidding smoking in federal places of work and also by urging Canadian airlines to prohibit smoking on commercial flights.

Senator Roblin: My honourable friend has had many years of experience in public life, and I am sure he has raised the same suggestion with his colleagues on previous occasions.

I can give him a constructive answer by telling him that we do restrict the use of tobacco on publicly owned airlines—indeed, on any airline. I can also tell him that we do restrict the use of tobacco in many public areas.

Senator Doody: In this chamber.

Senator Roblin: In this chamber, to start with, as my honourable friend has just said. If my honourable friend wants me to introduce prohibition, we had better start with the committees of the Senate of Canada.

• (1410)

Senator Haidasz: I would then ask the Leader of the Government in the Senate why the federal government does not start by requesting that its national airlines completely prohibit smoking on commercial flights, just as certain other airlines in the maritimes have done.

Senator Roblin: Honourable senators, I will take note of the fact that, after who knows how many years in Parliament, my friend has come up with this interesting suggestion. I will pass it along to those concerned, but I doubt that it will receive a positive reply.

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE—AGRICULTURAL PRODUCTS

Hon. Hazen Argue: Honourable senators, I should like to ask a question arising out of a statement made by the U.S. ambassador. I am really asking for clarification from the Leader of the Government in the Senate. I would like to know the government position with respect to the negotiation of free trade for agricultural products. I think that I can safely say to my honourable friend that there is a good deal of apprehension in this country—even in western Canada, which has always been considered a supporter of free trade—about what might happen to the egg producers, the potato producers and the grain producers who might be wiped out by the importation of American products. We certainly do not have free trade respecting grain crossing our borders—and I think of wheat, in particular, although there are other important grains to consider.

Could the Leader of the Government in the Senate tell us just where the question of free trade for agricultural products will fit into the picture? Is the government removing from the free trade discussions the whole question of the trade of eggs, potatoes, grains and so on?

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend that the subject of free trade in agricultural products will fit into the negotiations with great difficulty. That is clear, because not only have we certain problems in the areas that he has suggested, but our Canadian producers of cattle, hogs, fish, potatoes and strawberries have the same problem with respect to United States policy. It is going to be very difficult for both parties to reach an agreement with respect to agricultural trade.

Senator Argue: I appreciate the comments of the Leader of the Government in the Senate. He has said that there will be great difficulty reaching agreement. Can I take it from his statement that those questions will not be discussed? Does the Leader of the Government mean that, even in the light of the alleged difficulty—which I agree exists—they will be up for discussion or will they be removed from discussion?

Senator Roblin: It is entirely premature for me to speculate on the nature of the discussions because we have not yet agreed to open any. Speaking purely from experience, however, it seems to me that the cattle producers, the hog producers, the fish producers, the strawberry producers and the potato producers will be rather disappointed if we do not make some reference to their problems. How those problems are to be reconciled with our interests with respect to the other agricultural producers we have mentioned is a question the answer to which only the future can tell.

Senator Argue: I take it from the minister's answer that there will be discussion on the question of the access for these items from Canada to the United States market. But I would impress upon him the impossibility of having in place anything approaching free trade in those areas without destroying a vast segment of Canada's agricultural industry. In my judgment, when it comes to the producing of eggs, poultry and certain other products, we cannot compete with a country that has a warm climate and cheaper grain products. We have been able to compete thus far because our system has helped us get somewhat higher prices.

Senator Roblin: My friend is quite correct. It is a very difficult problem, and the question of a fair, competitive environment is one that is central to the entire argument. I am not dismissing it out of hand. I think, however, that our cattle producers and, perhaps, the hog producers would give my friend something of an argument because they do send a fair portion of their goods south.

BANKING

GREEN PAPER ON REGULATION OF FINANCIAL INSTITUTIONS—STATUS

Hon. H.A. Olson: Honourable senators, I should like to ask the Leader of the Government a question respecting the green paper. The chairman of the finance committee in the other place has described the government's green paper as "a bunch of crap, which it is," and, since that green paper has been referred to the Standing Senate Committee on Banking, Trade and Commerce, I just wonder whether that committee ought to continue to examine it. Will the government continue to use the green paper in terms of the structure that it attempts to set up for future financial institutions?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will tell the honourable chairman of the House of Commons committee that he received favourable mention by my honourable friend in the Senate today.

With regard to the report of that committee, let us wait and see what it is. We have not even seen it yet; so it is quite premature for me to comment on it. Furthermore, I am aware that our own Committee on Banking, Trade and Commerce is looking into this question, and I would like to see what it has to say.

Senator Olson: My honourable friend would not be correct if he reported to the chairman of the House of Commons committee that he received favourable comment from me. What I said was neither favourable nor unfavourable. I was merely quoting his opinion of the green paper, that "by comparison to what we will produce in our report, it will make the green paper look like a bunch of crap, which it is". That's what he said.

Senator Frith: That is what he said—Mr. Blenkarn.

Senator Olson: I would like the Leader of the Government to try to answer the question, namely, whether it continues to be the structure that the government is putting before Parliament to study—and, I suppose, modify, and accept or not—in view of what the chairman has said about it.

Senator Roblin: My honourable friend, the chairman of the committee in the House of Commons will be deeply disappointed now that I will have to retract that commendatory statement that I thought my honourable friend made.

The answer my honourable friend seeks is the answer I have already given him. When the committees of the two houses have reported on this green paper, consideration will be given to their views; and I think it is quite premature for me to say what is going to happen until that is done.

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE—UNITED STATES AMBASSADOR'S COMMENTS

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government arising out of the American ambassador's comments on Canada-U.S. trade.

The ambassador is reported to have urged that publishing, which he admits is a sensitive area, should be included on the agenda of the free trade talks. Is that the policy of the Government of Canada?

Hon. Duff Roblin (Leader of the Government): Honourable senators, the policy of the Government of Canada, of course, is not enunciated by the Ambassador of the United States, no matter how much we may like and respect the gentleman concerned. He is entitled to his views and we express ours as the necessity arises.

Senator Frith: He is asking whether it is the same.

Senator Grafstein: The publishing industry, which is a fragile industry in this country, knows enough uncertainty without having that uncertainty further fomented by prolonging an answer to a very simple question. My supplementary question is: Is it government policy to put publishing on the agenda of the Canada-U.S. trade discussions?

Senator Roblin: No policy statement has been made in direct terms in that respect, and I acknowledge that. The policy statement that has been made is that the cultural integrity of the country will be preserved; and to the extent that publishing is—and I believe it to be—an important aspect of the cultural integrity of a country, the Government of Canada will certainly be ready to defend it.

AGRICULTURE

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, I have a question for the Leader of the Government concerning sugar-beet, a subject which has been raised many times on both sides of the house during the past few months.

It was my understanding that the question of a stabilization payment for the 1983 crop would be considered by the federal government during the past month. Can the government leader indicate whether the government has now made a commitment to make such a payment to the sugar-beet producers, particularly in southern Alberta, where no crop was grown this year?

Hon. Duff Roblin (Leader of the Government): Honourable senators, if I heard my honourable friend correctly, she talked about the 1983 crop. Is that correct?

Senator Fairbairn: Yes.

Senator Roblin: I have no information about that. I do not believe that is a live issue at the present time.

Hon. H.A. Olson: Honourable senators, I have a supplementary question. The 1983 crop definitely is an issue, because no policy has ever been stated under the Agricultural Stabilization Program until the final payment for that year is known—and that would only be known a few weeks after the total crop from that production year has been sold. The sugar-beet producers have been waiting for an announcement, and up until a very few weeks ago the government has always said that it could not make an announcement until it knew what the producers would get from the marketplace.

• (1420)

Senator Roblin: I think my honourable friend and I are at cross purposes here. I was dealing with the 1983 crop which, in my opinion, was—

Senator Olson: I am too.

Senator Roblin: Has that not been settled yet?

Senator Olson: I am talking about the 1983 crop year. The government has stated that it would be unable to make an announcement about beets produced in that crop year until just a few weeks ago.

Senator Roblin: I shall take the question as notice and see if I can find out anything more about it.

[*Translation*]

FOREIGN AFFAIRS

EXPULSION OF IRANIAN NATIONALS FROM INTER-PARLIAMENTARY UNION CONFERENCE

Hon. Eymard Corbin: Honourable senators, last September 19 I directed a question to the Leader of the Government in the Senate concerning an incident which occurred during the Inter-Parliamentary Union Conference held in Ottawa during the first week of September 1985.

When I pointed out to the Leader of the Government in the Senate that Iranians had been expelled from the conference on the instructions of the chairman of the Canadian section, the Leader of the Government replied, and I quote:

> I think my honourable friend will find out that whatever action was taken by officials of the IPU was taken by them on their own authority, and on no other.

I have learned today that the Royal Canadian Mounted Police took action pursuant to their mandate under the legislation governing them, that they provided security services for the Inter-Parliamentary Union Conference, and that they enjoyed full discretion to make a judgment on real, possible or probable incidents.

The situation was not quite as the Leader of the Government in the Senate described it. There was a conference of parliamentarians in Ottawa, the RCMP stepped in and recommended that the public be excluded from the conference. This happened in the last hours of the conference. They also asked for the expulsion of peaceful Iranians who had come to Ottawa to gather support signatures from conference participants. They did get such signatures from 35-odd delegations out of the hundred or so attending the conference.

I would like to know whether the Leader of the Government in the Senate would enquire and report on the real reasons which prompted the RCMP to intervene during a conference of parliamentarians being held in a democratic country, Canada.

On the basis of what information did the RCMP take it upon themselves to ask that Iranian nationals and Canadian citizens of Iranian origin be expelled? Why was such action taken, pursuant to the general mandate of the RCMP? I would suggest the question relates directly to this country's freedoms.

[*English*]

Hon. Duff Roblin (Leader of the Government): I would be very surprised to hear that the RCMP did anything in this respect that did not carry the sanction of the Inter-Parliamentary Union, and the Inter-Parliamentary Union is a body for which I can accept no responsibility whatsoever. It does not come under the jurisdiction of the Government of Canada in any respect. We act as facilitators when they are in our country for a conference and I suspect that that is the way in which the Mounted Police acted in this respect. However, if my honourable friend wishes me to do so, I have no objection to making sure that my opinion in this matter is the correct one.

BANKING

NORTHLAND BANK—COMPENSATION OF DEBENTURE HOLDERS

Hon. Hazen Argue: Honourable senators, I would like to address a question to the Leader of the Government in the Senate. Has the government received representations from the Surrey Credit Union of British Columbia that they should be reimbursed for the $7.5 million that they invested in North-

land Bank debentures on the grounds that Wood Gundy, who were selling the debentures, had been assured by William Kennett, the Inspector General of Banks, that the investment was sound, reasonable—or whatever words he happened to use.

I believe that representatives of this group were in Ottawa yesterday making representations to the government, and I am wondering if the Leader of the Government in the Senate can tell us whether or not those representations are being considered.

Hon Duff Roblin (Leader of the Government): My honourable friend is talking about an organization that bought stock in this company, is he not?

Senator Argue: I think it is quite clear that what they bought are debentures; not stock, not deposits but debentures. By way of further information on this matter, Mr. Wayne Carpenter, the general manager of the credit union is quoted as saying that Wood Gundy had received similar assurances from Gerald Bouey, Governor of the Bank of Canada.

As I understand it, a representation was made yesterday to the government to reimburse the credit union for the $7.5 million they invested a short time ago in debentures of the Northland Bank. I would like to point out to the Leader of the Government in the Senate something that I am sure he knows as well as I do, that this credit union is owned by tens of thousands of members who can ill afford to suffer this kind of loss, and because of the assurances they received from the authorities named before the investment was made, their request should be given consideration.

Senator Roblin: There are a number of organizations of the same class that are involved in this matter as shareholders. Indeed, there are several pension funds in the same situation and the sequence of events with respect to their purchase of shares is another interesting matter that should be looked into.

I am not aware of the delegation that my honourable friends speaks of. I can make inquiries about it, but I suspect that no immediate answer can be given in view of the investigations that are taking place.

Senator Argue: I would appreciate that. I will not mention the names of particular organizations, but I can say that there is a section of the co-operative movement in Canada that had as much as $700,000 invested in shares of the Northland Bank. I do not know whether or not they have made any representations with respect to recovering that sum of money represented by those shares. However, I do feel that there is a significant difference between going out and buying stock in a company and investing in a debenture which, after all, carries a guarantee. Stocks, as far as I know, never have carried a guarantee.

Senator Roblin: It is perfectly true to say that one of the moving spirits behind the establishment of the Northland Bank in the first place was the co-operative movement in western Canada and elsewhere. However, I do not think that my honourable friend could claim there is any guarantee on debentures. There is no guarantee on debentures; there is a priority that, if there are assets left over, the debenture holders come ahead of the stock holders and we will have to wait until the matter plays out before we can be certain what the fate of these debenture holders will be.

[Senator Argue.]

Senator Argue: That is not an encouraging reply. I hope the minister will follow up on my question as to whether representations have been made and let us know what consideration may be given to those representations. Their ground for seeking a return on those investments is the assurance that was given by the Governor of the Bank of Canada and the Inspector General of Banks that that was a company that was solvent and on the go. They gave the same assurance to other people with regard to deposits and they are being paid.

• (1430)

Senator Roblin: That is part of the problem.

GREEN PAPER ON REGULATION OF FINANCIAL INSTITUTIONS—SUGGESTED WITHDRAWAL

Hon. Leo E. Kolber: Honourable senators, my question is for the Leader of the Government in the Senate and relates to the green paper on financial institutions.

One of the cornerstones of the green paper will be the authorization of a new class of banks, namely, the Schedule "C" banks. The rationale for that suggestion is that it will help competitiveness in the banking industry.

In view of the incredible fiasco we are witnessing with the CCB and the Northland Bank, and what I am told is the precarious position of a few other relatively new banks, would it not be a good idea if the government withdrew the green paper, scrapped that provision, and attempted a rewriting job?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I must say that I do not agree with that view. I think that the advice the government receives from the committee of the other place and from the Senate committee will be very helpful in reframing the green paper. I do not know of any green paper that gave perfect satisfaction on first reading. Many changes may be required, and it would be much better to take advantage of the work that has been done.

HEALTH AND WELFARE

CONSUMPTION OF ALCOHOL—"A LITTLE OF WHAT YOU FANCY . . ."

Hon. Leo E. Kolber: Honourable senators, my colleague, Senator Haidasz, has suggested that people drink too much in Canada. Since I am closely associated with that industry, would the Leader of the Government in the Senate not agree that drinking in moderation is not a bad thing for anybody?

Senator Walker: You ought to know!

Senator Doody: No commercials or endorsements!

Senator Roblin: My honourable friend possibly discloses a conflict of interest in connection with the consumption of alcohol in this country.

Senator Kolber: My honourable friend is absolutely correct; I do have a conflict of interest.

MULTICULTURALISM

SUGGESTED JOINT COMMITTEE

Hon. Stanley Haidasz: Honourable senators, I should like to address my question to the Leader of the Government in the Senate. It does not concern alcohol directly, but it is closely related.

This afternoon in the Commonwealth Room the Canadian Ethno-Cultural Council will hold a reception to which all parliamentarians are invited. The occasion is the establishment of a standing committee of the House of Commons on multiculturalism.

Could I ask the Leader of the Government in the Senate why the authorities have refused the suggestion to make that committee a joint committee of the Senate and the House of Commons?

Hon. Duff Roblin (Leader of the Government): I thought my honourable friend was going to ask me another question; that is, why that meeting this afternoon is not going to be dry. I am really astonished that he will attend it because he will see alcohol being passed around in the form of wine and other beverages. I would have expected him to do something about that.

Senator Doody: There will be no smoking either!

Senator Haidasz: I do not have to respond to the remarks of the Leader of the Government.

Senator Roblin: Aren't you lucky!

Senator Haidasz: I do not want to leave the impression that only alcohol will be served at that reception. I am sure that Canada Dry and Coca Cola will be served.

AGRICULTURE

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT

Hon. Gildas L. Molgat: Honourable senators, on June 27 the Leader of the Government, by way of a delayed answer to a question asked earlier regarding the sugar-beet industry, stated that at that point the government did not have the legal authority to make a stabilization payment, but he went on to say that with the passage of Bill C-25 retroactive payment would be permitted. Bill C-25 has been passed. In fact, it received Royal Assent on that very day, June 27.

Could the leader inquire why there is now an additional delay when, back in June, the answer apparently was that there was no legal way of making a payment? Since the legality has been covered, why has that payment not been made?

A second subject which he also covered on that day related to the policy involved. He indicated that the minister responsible, the Honourable Charles Mayer, was to hold a meeting on July 24 regarding a permanent policy, and that an announcement on the subject would be made this fall. Could the leader tell us when we might have this information?

Hon. Duff Roblin (Leader of the Government): I will check into the first question my honourable friend has raised, because I must confess that that had escaped my memory.

Regarding the second point, the minister did meet and is meeting, as far as I know, with the ministers of agriculture from the affected provinces, but they have not yet reached a meeting of minds.

I have been in touch with my colleague and have asked him to keep me informed because I know the interest many senators have in the subject of sugar-beet. I want to satisfy their requests for information just as soon as I can.

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY ACT

BILL TO AMEND—THIRD READING—DEBATE ADJOURNED

On the Order:

> Third Reading of the Bill C-69, intituled: An Act to amend the Canadian Institute for International Peace and Security Act and certain other Acts in relation thereto.—(*Honourable Senator Macquarrie*).

Hon. Heath Macquarrie: Honourable senators, I must say I have been made somewhat nervous by some of the items raised in Question Period, specifically the discussion about moderation and those—

Senator Frith: Move third reading, please.

Senator Macquarrie: I thought I did that yesterday.

Senator Frith: No. The bill is on the order paper for third reading today. You have to move the third reading of the bill.

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Macquarrie, seconded by the Honourable Senator Murray, that this bill be read the third time now.

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

Senator Macquarrie: I could be right on this and the Deputy Leader of the Opposition might be wrong. In any case, I was about to say that I was off-put a bit by some of the questions raised in Question Period. I am glad that I was not asked, as the Leader of the Government was, to reflect upon moderation, and so forth. When I am faced with these bad habits, I say that I do not smoke and let it go at that. I learned that long, long ago.

I am not going to prolong the debate, a debate which, in my opinion, is already going very well. I repeat my observation that yesterday's comments were extremely helpful. I shall endeavour to provide the replies sought by honourable senators on the other side.

In reference to the appointment of directors, Mr. Paul Warnke, the former Director of the United States Arms Control and Disarmament Agency, is now a director of the

Institute, as is Mr. Christoph Bertram, an editor of *Die Zeit* of Hamburg, a former Director of the International Institute for Strategic Studies in London.

These are two of the people about whom Senator MacEachen asked yesterday. There was, of course, not room for a third, with the full complement being 17. With Mr. Pearson's appointment, the full complement of 17 was reached.

Senator Haidasz asked a question about regulations in respect of linguistic and other considerations in the choice of directors.

There are no such regulations insofar as the institute is concerned. The process by which these directors are chosen, a process which, under the statute, requires consultation with the party leaders in the House of Commons—and only in the House of Commons, I note—would make it difficult for anyone acting on behalf of the Governor in Council to lay down rigid formulae. I think, too, it would be unwise. But naturally it would be the course of wisdom in the case of future appointments over the long range, or even the short range, to consider such things as I assume Senator Haidasz had in mind.

In our own country, domestically, we have in certain places formulae in respect of government appointments. For instance, in the structure of the Supreme Court of Canada there is no leeway; there is engraved in statute a formula. In the appointment of Governors General, there is not a rigid formula but there is a very important conventional one, and that is how conventions grow.

And that is all I think I can say in response to the question of Senator Haidasz, and I think that is all that need be said.

I want to say, too, that my friend, Senator Doyle, who was one of the learned persons with whom I had consultations—and I do not use the expression "my learned friend," because we non-lawyers find that highly discriminatory. It is a heavy projection of this *High Court of Parliament* idea into the Senate—one of the learned persons, Senator Doyle, who was a distinguished member of the Joint Committee on International Affairs for Canada, tells me that Mr. Geoffrey Pearson appeared before that committee and was with them for about half a day and that, as we would expect, his evidence was helpful and useful to the members of that committee.

I have done my best to answer the interrogations. I again thank those who have helped to put forward this amendment to a statute which, I think, has launched us well on a valued, valuable and worthy course of action. I thank all honourable senators.

● (1440)

Hon. Allan J. MacEachen (Leader of the Opposition): May I ask the honourable senator a question relating to the appearance of Mr. Geoffrey Pearson before that committee? Did Mr. Pearson appear in his personal capacity or as a representative of the board of governors of the International Peace Institute? Did or did not the committee take advantage of the provision of the law in asking the institute to provide advice on this matter from a Canadian source?

[Senator Macquarrie.]

Hon. Richard J. Doyle: Mr. Pearson appeared before the committee not as a witness but as a briefing officer and at the time a long list of his credentials for being there was read. Without going back to the source documents, which I do not have with me this afternoon, I could not say whether or not he was an official representative of his committee or whether he was there because of his vast and long experience in matters of external affairs. I can say that he was one of the most useful people who did appear before us as a briefing officer.

Senator MacEachen: If I may continue with one or two other questions because it is not clear yet whether the institute as a corporate body was asked to give evidence before the committee. I will not press it further, but it does raise, I think, a point that I may want to discuss further when Senator Flynn's motion comes before this chamber for debate.

There was a further question which I asked yesterday and which was not answered with reference to a provision in the bill that permits the minister to ask the institute for advice. I wanted to know yesterday, and I want to know today, whether the minister has taken advantage of that provision and, if so, upon what subject has he sought advice?

Senator Doyle: I will attempt to find the answer to that question for you.

Senator MacEachen: There is a procedural difficulty here. Has Senator Macquarrie transferred the sponsorship of the bill to his colleague? Who is speaking for the government on this bill? Is it a double effort?

Senator Doyle: I was asked to respond to questions about what the committee had done. I was not able to answer your question in the way that you wished it to be answered. I have volunteered to ascertain that answer for my leader, of course, and I will find that information for him and then I leave it to you.

Senator MacEachen: Honourable senators, my question was as to whether the minister had made a request to the International Peace Institute for advice. Who is going to get that information for me? I asked for it yesterday and I assumed that since the bill has been given second reading we would have it today before we give it third reading. Can I get an assurance that I will have that information? Who is speaking for the government on this question?

Senator Macquarrie: I imagine that the Leader of the Opposition, who has been on Parliament Hill for quite a while, knows that I am in difficulty because when I endeavour to take my place before you I am told that if I speak I will close the debate and that is the last thing I would want to do. I belong to a party that was opposed to closure for many, many years.

I also say that Senator Doyle, as a member of the Senate, has a perfect right to participate in this debate whether I suggest it to him or not. I thought, as a long-time academic and since I believe in going to the best possible sources, that a member of the joint committee would be a very good person to comment upon and reflect upon the appearance of Mr. Pearson. Personally, I think Mr. Pearson, having been asked to come to the joint committee in a very important and valuable

position as a briefing officer, would have satisfied the desires of any internationalists in the country. They were sending for a good person. They were very impressed by what he said. The question as to whether he produced his card as the executive director of the institute strikes me as being much less important than the fact that he was there and was valuable to that important committee. We could ascertain how he felt he was appearing and in what guise. I do not think it would do the common weal much good to find that out, but we certainly could find it out, and any other information relative to the matter that is before us.

Senator MacEachen: On the same question, I let the question of the institute and its appearance before the committee rest because, as I stated, I can discuss that further when Senator Flynn's motion comes before the house, but I would say there is quite a difference between receiving the views of Mr. Pearson, however valuable they might prove to be—and I am sure they will be valuable—and the views of the 17 members of the board on a question such as the Strategic Defense Initiative which is a very different matter. It is on that second point that the joint committee has received no advice, but, as I say, I let that rest.

The only continuing question is: Has the minister asked, in accordance with the provisions of the act that we are amending, for advice from the Canadian Institute for International Peace and Security? There is nothing ominous about the question. One need only ask the minister's office or the institute. I would presume that the government can do that very easily and that the information should be made available. I would really like an undertaking before the bill receives third reading that I can get that information.

Senator Macquarrie: I think that such an undertaking can be given and I give it.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on a procedural point, Senator Macquarrie said that he was afraid that if he spoke he would be closing the debate. I believe that only applies at second reading. It is only on second reading and on an inquiry or substantive motion that the sponsor closes the debate by speaking at the end, and not on third reading.

Senator Macquarrie: This time the deputy leader could be right.

The Hon. the Speaker *pro tempore:* It was moved by the Honourable Senator Macquarrie, seconded by the Honourable Senator Muir, that the bill be read the third time now.

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

Hon. Henry D. Hicks: No. The information which the opposition leader asked for has not been supplied.

The Hon. the Speaker *pro tempore:* The bill is adopted at third reading, on division?

Senator Frith: Honourable senators, I thought that the sponsor of the bill had agreed to try to obtain the information—

Senator MacEachen: Not to try; he undertook to get the information.

Senator Frith: All right. In any event, I think the better procedure would be to adjourn third reading in Senator Macquarrie's name.

Senator Flynn: In your name.

Senator Frith: In anyone's name, just so long as we have an opportunity before we give it third reading to get the information that Senator Macquarrie undertook to get.

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Frith, seconded by the Honourable Senator MacEachen, that the debate on the motion for third reading be adjourned until the next sitting of the Senate.

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

Hon. Senators: Agreed.

On motion of Senator Frith, debate adjourned.

• (1450)

CUSTOMS TARIFF

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator MacDonald (*Halifax*), for the second reading of the Bill C-71, intituled: "An Act to amend the Customs Tariff".—(*Honourable Senator Hicks*).

Hon. Henry D. Hicks: Honourable senators, I started off by appearing to be obstructionist, and that is not my intention at all. However, I would ask that this motion also stand until tomorrow, the reason being that I was most interested in Senator Kelly's remarks in moving second reading. I was only able to look at those remarks in the *Debates of the Senate* a few minutes ago. I should like to have an opportunity to comment on one or two of the points he made.

Therefore, I would ask that this order stand until the next sitting of the Senate.

Order stands.

NATIONAL FILM BOARD

MOTION TO EXAMINE AND REPORT ON FILM ENTITLED: "THE KID WHO COULDN'T MISS"—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Molson, seconded by the Honourable Senator Macdonald (*Cape Breton*):

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the activities of the National Film Board with respect to the production and distribution of the film

"The Kid Who Couldn't Miss".—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, it had been my intention to stand this order to await the return of Senator Molson who is not in the chamber today. It is my understanding that he will join us tomorrow.

However, I understand Senator Robichaud would like to contribute to the debate on this particular order, so I would defer to him and I will take the adjournment in my name later.

Hon. Louis-J. Robichaud: Honourable senators, I should like to make only a few observations, which may be of some value, on this motion of Senator Molson.

As we know, Senator Molson sits as an independent in this chamber and does not frequently move motions. However, when he does so, they usually, as in this instance, make a lot of sense. Although it is not unanimous, he is receiving wide support in the Senate for this motion.

Honourable senators, I have heard and read a lot about this National Film Board so-called "documentary" called "The Kid Who Couldn't Miss," which disturbed me. However, after hearing Senator Molson's comments on the subject, I am even more disturbed.

Billy Bishop was an idol for many Canadians, including myself. Young Canadians need idols, be it in the political, science, arts, military or sports fields. As a young Canadian, my idols were mainly in the political and sports fields. As a youngster, I somewhat idolized Billy Bishop because of what I had heard and read. He was a star; an aviation ace. He helped us to win the First World War.

Honourable senators, I am not a military person by any stretch of the imagination. My only contact with the military was, because I was too young to be a soldier, to belong to the COTC, the Canadian Officers Training Corps, when I was at college. I might say, respectfully, that I despised the COTC because I had to train when I could have been playing hockey or baseball. Honourable senators, I would rather have been doing that than be involved in a military parade.

Idols are to be respected. Billy Bishop was and remains one of them.

In the United States, for instance, it is traditional for teachers to teach kids at all levels of schooling to idolize Americans such as Wyatt Earp, Davy Crockett, Benjamin Franklin, George Washington, Abraham Lincoln and others. They have respect for their own people and they do not discredit their own idols.

In Canada, the National Film Board, on this occasion, has decided that Billy Bishop should not be considered an idol and that we should downgrade him. By this film, the National Film Board is telling us that we should not idolize such a man. The National Film Board acknowledges that he did accomplish certain things, but insists that we must downgrade him. The National Film Board has been successful in downgrading one whom we referred to, until the production of this film, as a national hero.

Why did it occur to Senator Molson to move such a motion and to have this matter brought before the Standing Senate Committee on Social Affairs, Science and Technology? Honourable senators, he did so because it is the proper procedure. We, in the Senate, have a certain role to play in this respect. We have to respect regional and national interests, and this film is of national interest. We have to protect our heritage, and our Canadian idols are part of our heritage. We, as Canadian taxpayers sponsoring the National Film Board, must protect the national interest. If the board did not respond to its obligation to protect the national interest, then we should come to the rescue of the Canadian people. We should do this not by censoring or by chastising, but by making sure that a mistake of this magnitude—and I will classify it in that manner at the moment, although I may change my mind—will not be repeated.

Yesterday, Senator Godfrey made a statement and was told that it is no argument to say that we must prevent further mistakes. I think Senator Godfrey's argument was a valid one.

I know that the National Film Board has made certain mistakes in the past on certain other issues. If we, as members of this august institution, can prevent further mistakes of such an order, I believe it is our obligation to do so.

Therefore, honourable senators, I support the motion of Senator Molson with much enthusiasm. Although I am not a member of the Standing Senate Committee on Social Affairs, Science and Technology, I will make a point of attending the meetings of that committee.

Hon. Senators: Hear, hear.

On motion of Senator Doody, debate adjourned.

• (1500)

[*Translation*]

CANADA'S INTERNATIONAL RELATIONS

SPECIAL JOINT COMMITTEE—INTERIM REPORT ON BILATERAL TRADE WITH UNITED STATES AND CANADA'S PARTICIPATION IN RESEARCH ON STRATEGIC DEFENSE INITIATIVE—DEBATE ADJOURNED

The Senate proceeded to consideration of the Interim Report of the Special Joint Committee on Canada's International Relations pertaining to Bilateral Trade with the United States and Canada's Participation in Research on the Strategic Defense Initiative, tabled in the Senate on 17th September, 1985.

Hon. Jacques Flynn: Honourable senators, I gave notice of this motion on September 17. I preferred to wait until today with my comments in order to give the Senate a chance to discuss the committee's interim report after the government had made a decision, one way or another.

Honourable senators will recall that on June 27 of this year, the Senate adopted the order of reference establishing the Joint Committee on Canada's International Relations and asking it to consider the green paper published by the Department of External Affairs under the direction of the Right Honourable Joe Clark.

Honourable senators will also remember that the order of reference contained an obligation for the committee to submit an interim report on Canada's participation in research on the Strategic Defence Initiative and on Bilateral Trade with the United States no later than August 23, 1985.

In the other place, the opposition had demanded that the government refrain from making a decision on these two questions until the committee had been able to hear witnesses on these two subjects. As a result, the committee had to start its hearings rather precipitously, owing to the time frame agreed upon by the parties in the other place for submission of the interim report on these two questions. The committee was therefore not in a position to prepare a very long study. After all, it had only seven weeks, including the time required to prepare the report.

The committee had to sit this summer and visited six cities representative of Canada's various regions. Unfortunately, some provinces had to be left out, including Newfoundland, Saskatchewan, New Brunswick and Prince Edward Island. The committee held its hearings in Halifax, Ottawa, Montreal, Toronto, Winnipeg, Calgary and Vancouver.

Many witnesses appeared before the committee at all these locations. It was a novel experience to have the public invited to appear before a parliamentary committee, to express its views on a matter of international policy. It was an interesting though exhausting experience. In some cases, the committee had to sit from nine o'clock in the morning until past midnight. It was necessary to limit witnesses and testimony, because of lack of time. The committee was working under constant pressure.

Finally we produced the report on time, and it has been given adequate publicity. I do not intend to go into the details of the recommendations it contains. I point out that it is a fairly long report, considering how little time the committee had to draft it.

The foreword was written by one of the committee members, Senator Doyle. He was commended for his attendance, and I want to express my appreciation in that respect.

Recommendations were made on two subjects. In the case of bilateral trade with the United States, the committee produced a unanimous report. At least there was no statement of dissent from the official opposition. The New Democratic Party did express certain reservations. As to the issue of Strategic Defence Initiative, there was dissidence as we all know.

I should like to read the conclusion of the summary resolution:

> The majority of the committee, including those who were inclined to say no and those who were inclined to say yes, agreed, however, that the committee was not able to obtain crucial information at this time because the material is classified or otherwise unavailable. This might influence a final decision, and the majority of the committee feels that the government is best equipped to gather the additional information required. Therefore the majority of the committee recommends that the government not take a final decision on participation in the research phase of the SDI until it has been able to acquire the required additional information related to the strategic, financial and economic implications of the invitation.

I indicated that the Liberals and New Democrats stated their dissent on this issue. Their statements can be found at the end of the committee report. The Progressive Conservative members of the committee agreed to give the two opposition parties an opportunity to express briefly their dissent, and those statements appear in Appendices F and G of the report.

The summary resolution of the majority indicates that the Progressive Conservative members of the committee were not unanimous. They were divided. There is no secret about that. Some were inclined to accept the invitation, and others no. Where reasons were concerned, there were all shades of opinion, not only within that majority, but also among dissidents.

It remains that dissidents, ironically, were known even before the committee started working. The Liberal Party had set up a task force, which heard witnesses. It came to the conclusion through Mr. Chrétien, that that party did not favour accepting the American invitation.

The New Democrats had said the same thing. Indeed, having already opposed NATO membership, they had logically stated their opposition to any SDI participation.

Liberal dissidence is not very clear. The report and later events show that in that group also various views were held.

When Senator Gigantès gave notice of an inquiry indicating that he wanted to discuss the SDI question, I told myself: Why all that rush? There will eventually have to be a debate on the matter anyway, because I myself had already given prior notice of that inquiry. Later on, I realized his move was an excellent one. It allowed him to express the view he had already expressed even before the committee started discussing the matter, and this view he published in newspapers before leaving the committee. The speech he made the other day is almost to the letter the text he had published in the papers. On the other hand, his inquiry allowed Senators Steuart, Hicks and Godfrey to express their views, which are different from those of Senator Gigantès. As regards Senators Steuart and Hicks, both agreed to simply accept the invitation. Senator Godfrey agreed with the decision made by the government on September 7, 1985. That decision, as honourable members are aware, declines the invitation, while pointing out that Canada does not disagree with the American initiative, in as much as research is and remains the responsibility of the United States. Canada said, in particular, that it felt the decision was a wise one in view of the fact that the Soviet Union no doubt is already doing research for such a space deterrent.

• (1510)

Considering the differences of opinion in the general public, in the government party, and in the official opposition, the government's decision is quite logical in my view. Practically speaking, I believe it was the only one the government could make, given the circumstances, to decline the invitation

because we have other priorities. The committee report comments on those various priorities the government would have.

In any case, the debate on this issue will continue. We shall see whether new developments will eventually require a re-examination of this government decision.

I point out that the committee said that it did not have the necessary information. It could not hear Mr. Kroeger, who was the special advisor in charge of the inquiry and reporting to the Government. The committee could not ask Mr. Kroeger to testify and say what he thought and what advice he had given or should be given the government. A committee cannot ask someone's lawyer or personal advisor what was his advice. It is confidential.

We therefore did not know what advice was given. The government had probably received the report of Mr. Kroeger when the decision I have already mentioned was made on September 7.

I now come to the second part of this report which concerns bilateral trade with the United States.

As I have said, this part of the report is the result of what I would call the joint opinion of the Progressive Conservative and Liberal members of the committee. The report includes four major recommendations. If I may, I would like to summarize them.

The first one suggests that we pursue our vigorous efforts to promote a new round of multilateral trade negotiations within the GATT. The second, is that we try, in cooperation with the provinces, to reduce the barriers to inter-provincial trade, and the third, that we pursue a more aggressive trade strategy, for instance, by emphasizing trade promotion efforts, by improving export financing and by finding new mechanisms to help exporters facing trade disputes with other countries.

Fourth, the committee recommends that discussions be initiated immediately with the United States, centred initially on resolving current trade irritants, particularly non-tariff barriers . . . These discussions should be used to explore the potential for freer trade between the two countries.

The committee did not see any problem in these discussions being undertaken at the same time as the GATT negotiations.

However, the committee gave, and this is one of the sensitive points which has already been debated and which will continue to be debated, a list of items that the Canadian representatives would not be authorized to negotiate. Therefore, matters of social and cultural policy deemed essential for the preservation of a distinct Canadian identity would not be negotiable. It was also suggested to make exception for specific areas of the economy, including the farm industry which Honourable Senator Argue referred to a while ago, and some soft areas of the economy.

Any bilateral trade agreement would have to provide for a gradual implementation of changes to trade barriers and of adaptation assistance programs which would be offered, so that workers and communities would not have to suffer because of these changes.

[Senator Flynn.]

The report deals also, and it is a rather important point, with the need to set up a new instrument to implement the agreement and settle any disagreement which might result from its application.

When we compare these recommendations with those published, I think, in 1982 by our Committee on Foreign Affairs and those contained in the Macdonald Report, as well as the government decision which the Prime Minister announced last Thursday, I believe we can say that there are no major differences between them.

As a matter of strategy, the committee agreed with the idea expressed by the Liberal Party that we should prefer the term discussions to negotiations. When it is proposed to have negotiations, as the government is now doing, there must be discussions first. The idea would be to explore the possibilities. The Liberal Party said we should be very careful.

It is clear that if we cannot get a favourable agreement, there will be no agreement. One thing is sure, and on this point everybody agreed, and it is that every effort should be made to stabilize the existing markets.

The United States accounts for between 75 per cent and 80 per cent of our trade. Stablilization remains a consideration of utmost importance. It is an objective on which our economy depends.

On this point, I do not think that there is any disagreement. The removal of tariff barriers is something that could be discussed and phased in. The first thing to do would be to take down the non-tariff barriers, which are a destabilizing factor, by creating an organization to settle conflicts under a potential agreement. This organization could perhaps be modelled on the International Joint Water Commission.

Without going any further, these are the recommendations of the committee which must be considered in the light of the previous report of the Senate, of the Macdonald Commission report, as well as of the opinions expressed by the provincial premiers. As it has already been pointed out, the provinces will have to be consulted. They have a lot to say in the matter. Non-tariff barriers within Canada will be involved if an agreement is signed.

I believe that only good can come out of the proposed negotiations. There are many problems. All the difficulties we hear about every day in fields such as agriculture, beer, textile, lumber, pork, and so on must be taken into account. All this must be considered.

It is essential to explore and clear up our trade relations with the United States to know where we are going. The United States is and must remain the major trading partner of Canada.

I believe that, in view of the circumstances I have already mentioned, the committee has done a good job. I wanted to make these comments to allow all those interested in the issues mentioned in this interim report to express their views.

While this has meant a lot of hard work at a time when I would have preferred to do something else, this experience has left me excellent memories.

• (1520)

[*English*]

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, might I ask the Honourable Senator Flynn if he would answer one or two questions about a particular item in his comments?

Senator Flynn: Yes.

Senator MacEachen: I noted in the reading of the conclusions of the report on the Strategic Defense Initiative the committee said that it was unable to be more definite because of the lack of information, and it referred to particular documents. As I listened to Senator Flynn speak today and heard him reiterate that point, I wondered whether the committee had specific documents in mind that would have helped it, or was it a general reference to documents that may be secret? If it was a general reference to documents that may be secret, I think it would be helpful to know that, or did the committee have a specific list of documents that it could not get?

My second point is related to Mr. Kroeger's report. Can Senator Flynn tell us whether Mr. Kroeger completed his report after the joint committee completed its report, or whether the reason the committee did not have access to his report was because he was advising the government and the government alone?

Senator Flynn: I do not know when Mr. Kroeger's report became available and, therefore, whether or not it was made before or after the committee made its interim report. However, one thing is certain, and that is that we did not have access to that report. We were told that we could not have it. I think that this was a reasonable position for reasons I mentioned earlier. We cannot force someone who has the mandate of advising the government on a decision to be taken to appear before a committee and tell us what his recommendations will be, would be or have been. I would say that such reports should be regarded as privileged documents.

With regard to the other documents that the committee did not have, we did not receive a formal invitation, so exactly what it implied we could not say. What part were we invited to play in this research? We did not know. What amount of money would Canada be obliged to contribute? We did not know that either. We had a vague idea as to the exact scientific nature of the research. Some experts told us something about it. But exactly how this initiative was to operate, we had to rely on hearsay information. We did not have access to the advisers to the Government of the United States. Honourable senators will remember the speech made by Senator Gigantès in which he described how, according to *Time* magazine, there was no totally safe system, that if one nuclear bomb out of a 100 were to pierce the shield it could destroy 50 U.S. cities. I do not blame him for believing it. My point is that we could not really assess the efficacy of the system on that basis.

On the other hand, I for one think that research in this area has to be done one way or the other. It is difficult to say that there should not be any such research. That is why I agreed with the government when it said that it would not participate on a government-to-government basis but that it would let Canadian enterprise participate. I think that research is something that you cannot and should not stop. Whether the government should be involved is an entirely different question. However, I am sure that honourable senators can understand that in the time allotted the committee, we could not obtain all the required information. We were authorized to travel only in Canada. We were not authorized to go, for instance, to Washington to meet with government experts there. Possibly, if we had had the time and the authorization, we could have gone there and obtained more information. Certainly the government, with the advice of Mr. Kroeger and keeping in mind all the other elements that are secret and which could not be divulged before we formulated our report, was in a better position to make a final decision.

Senator MacEachen: I thank Senator Flynn for answering the questions that I raised. I also thank him for making the effort to explain to us this afternoon the work of the committee and the significance that should be attached to the various recommendations both on the Strategic Defense Initiative and on the big question of enhancing trade or free trade with the United States. These are very important questions. They will be before the country, certainly, for some considerable time and I think it is useful to have the opportunity in this body to debate these questions.

I would like to make some extended comments on the report. I read it on the weekend and found it useful since it contained some very good analyses of certain aspects of the Strategic Defense Initiative. Also, it raised further questions that I am sure many of us want to have answered, and I would like to make comments along those lines. Perhaps I might have is consent to postpone my comments until later.

On motion of Senator MacEachen, debate adjourned.

THE CABINET

ACCESS TO INFORMATION—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Davey calling the attention of the Senate to the Government's preoccupation with secrecy.—(*Honourable Senator Stollery*).

• (1530)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Stollery has advised me that he has decided he does not wish to speak on this matter. However, I have been asked to have this matter adjourned in the name of the sponsor of this motion, Senator Davey, who wishes to speak again. This is an inquiry and, therefore, his speaking again will close the debate. He has asked me to advise honourable senators that he will not speak on this matter until next week and if anyone wishes to speak to it in the meantime, he will yield. I will stand the order in his name.

Order stands.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-SIXTH MEETING—INQUIRY STANDS

On the inquiry of Senator Stanbury:

That he will call the attention of the Senate to the Twenty-sixth Meeting of the Canada-United States Inter-Parliamentary Group held at Niagara-on-the-Lake, Ontario, from 16th to 20th May, 1985.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Stanbury has advised me that he will table the report of this meeting tomorrow and then will speak on the subject of that report next week. Perhaps, then, this inquiry could stand until Tuesday next.

Inquiry stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 3, 1985

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

Prayers.

THE LATE HONOURABLE MALCOLM MERCER HOLLETT

TRIBUTES

Hon. Frederick W. Rowe: Honourable senators, I should like to draw to your attention the death of a former colleague, the Honourable Malcolm Hollett. I had the honour and privilege of attending his funeral a few days ago.

Senator Hollett died at the advanced age of 94. I am sure honourable senators would be pleased to know that until a short time before his death he appeared to have all his faculties intact.

Senator Hollett was a member of one of Newfoundland's most famous mercantile families, the Holletts of Burin. Theirs is a household name in Newfoundland and, indeed, in international circles, because that family was among the leading fish producers, buyers and sellers of this century. The late senator served in World War I and was seriously wounded in 1916 in the Battle of the Somme, the battle which brought grief to more than a million families and, indeed, brought grief to almost every family in Newfoundland. He had been awarded a Rhodes Scholarship, but decided to serve in World War I.

After he recovered from his wounds he attended Oxford, which led to a distinguished academic career, as one would expect from one who attended that great institution.

Following that he became, first, a magistrate, and then the Chief Magistrate of Newfoundland. In 1946 he was elected a member of the National Convention which was established by the British government to examine and inquire into the future form of government for Newfoudland. He became one of the leading spokesmen at that Convention for those who advocated a return to responsible government rather than have Newfoundland join Canada or, for that matter, any other country.

He was elected to the House of Assembly in 1952. As a matter of fact, I was elected in the same round of by-elections. He soon became Leader of the Progressive Conservative Party of Newfoundland, a position he held with great distinction for ten years. He was defeated in an historic tussle with the then premier of Newfoundland, the Honourable Joey Smallwood.

I can say, honourable senators, without exaggeration, that the late Senator Hollett was a distinguished orator, debater and gentleman.

He was summoned to the Senate in 1961 and retired from this chamber in 1971.

That brief résumé on his career will throw some enlightenment on the role he played.

I indicated earlier that I had the honour to represent the Senate of Canada at his funeral. The family very much appreciated having a representative of the Senate at the funeral. I send my condolences to the late senator's family and assure them that the Senate of Canada appreciates the contribution the late senator made to this body, as well as to Newfoundland and Canada generally.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I will take just a moment of your time to add my voice to that of Senator Rowe in paying tribute to a distinguished Newfoundlander, a man who was active in the public life of our province—indeed, long before it was a province; a man who fought the good fight in many theatres.

I note that Senator Rowe mentioned the military career of Senator Hollett. I think it should be said that Senator Hollett was one of the youngest Rhodes Scholars in the history of Newfoundland up to that time. He put off his Rhodes Scholar right to be educated in Britain to join the Royal Newfoundland Regiment, that historic military body which was wiped out at the battle of the Somme on July 1. If my memory serves me correctly, something like 73 Newfoundlanders answered the roll call the next morning. Malcolm Hollett was one of those who had been grievously wounded.

His career in public life in Newfoundland led many of us to have a great deal of respect for people of that ilk. His brilliance as an orator and leader was an inspiration to many of us younger people. I always regarded him highly. He fought for the Progressive Conservative Party when that was not a popular thing to do in the province of Newfoundland. He will be sadly missed and greatly honoured.

Hon. Senators: Hear, hear.

CRIMINAL CODE

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-77, to amend the Criminal Code (pari-mutuel betting).

Bill read first time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Tuesday next, October 8, 1985.

[*Translation*]

CENSORSHIP

NATURE AND DANGER—NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I wish to give notice that, next Wednesday, October 9, 1985, I will call the attention of the Senate to the nature of censorship and the danger it represents.

[*English*]

ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, October 8, 1985, at 2 o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

BANKING

CANADIAN COMMERCIAL BANK—MEMORANDUM OF INTENT—REQUEST FOR ANSWERS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question about some questions. The Leader of the Government will recall that when I asked a series of questions about the Memorandum of Intent that had been tabled in the House of Commons in connection with the Canadian Commercial Bank, he, quite understandably, took the questions as notice. At that time, we agreed that those questions would relate to any pre-study of the deposit insurance bill undertaken by the Standing Senate Committee on Banking, Trade and Commerce. I should like to draw to the attention of the Leader of the Government that it is possible that that committee will undertake that pre-study soon. As I mentioned when I put the questions to him, it would be desirable to have that information in order to be properly prepared for the appearance in committee of the minister and any other witnesses. Will he ask his assistants to provide that material to us for next week?

As the minister knows, it is proposed that the committee will meet Wednesday night. There are a few slips between cup and lip—a few things that have to be done—before that comes about. I would ask him to try to provide that material to us next week before the committee meeting.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I believe that I accepted the questions in the form of an order for return. I have already explained to my friend the problems involved in putting together the large amount of detail and documentation that he requested. I cannot really tell him at the present moment when it will be forthcoming,

[The Hon. the Speaker.]

but I want to tell him this, that on the day we spoke I passed the whole of that exchange on, in the form of *Hansard*, to my colleague, the Minister of State (Finance). I made it perfectly clear to her that honourable senators expect to have that information when the committee meets. I will once again remind her of that fact.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

DEPARTMENTAL STAFF REDUCTIONS—GOVERNMENT POLICY

Hon. Len Marchand: Honourable senators, I have a question for the Leader of the Government in the Senate. I have before me a newspaper article which indicates that there is a large shake-up in the works for the Department of Indian Affairs and Northern Development. Over the next three years, apparently, the department will let go 1,500 employees, at a saving of some $200 million. I would first like to ask the Leader of the Government whether this information is correct. Could he tell us the government policy on this particular matter?

Hon. Duff Roblin (Leader of the Government): I am afraid that government policy in respect of the specifics outlined in the newspaper report to which my friend refers has yet to be decided upon and finalized, so I am not able to give a specific answer. I think I can, however, give to my honourable friend some information, which is that the government does intend to take steps to improve the administration of that department, with particular reference to divesting itself of certain authority that it now uses by which it exercises some controls over the Indian and aboriginal peoples' activities in Canada.

● (1410)

The thrust of the study that is being made is to see how far we can introduce a greater element of self-government in the case of our aboriginal people, rather than adhering to the procedure we have followed these many years of centralizing it all in the Department of Indian Affairs and Northern Development.

It is true that plans are being considered to improve the administration of the department, and it is quite probable, in my opinion, that there will be some changes in respect of jobs and also in respect of financing. But the thrust of it clearly is to get a framework that will better suit the wishes of the aboriginal people of this country.

Senator Marchand: Honourable senators, in connection with this process, I have also stated on a number of occasions that I would like to see the Department of Indian Affairs and Northern Development disappear and that I would like to see self-government for the native people. But there are a couple of aspects on which I would like some assurance. First, will the Leader of the Government ensure that there is adequate consultation not only with the Indian organizations but also with the existing Indian band governments regarding this matter; secondly, that there will be no contemplation of turning over the programs to the provinces?

Senator Roblin: Honourable senators, I think I can give an assurance to my honourable friend concerning the first point, because my colleague the minister is very conscious of the need to consult with those who are likely to be affected by any changes that he makes; and I know that that consultation process is in full swing at the present time, as it should be. So I can assure my honourable friend that that is the case.

I have no information that would lead me to think that the government intends to transfer any of its functions to another jurisdiction; but if that should be the case, we will have to discuss it at the time. But I have no information on that at the present time.

Senator Marchand: Honourable senators, in providing me with further information at a later date, would the Leader of the Government comment upon the savings that are contemplated of $200 million? That figure seems awfully high in terms of savings strictly from the administrative changes.

In turning over government authority and government programs to the native people, and to Indian band governments, there must also be adequate funding to go along with it in order that there can be an adequate level of programing.

I am very concerned that perhaps in this whole shift of government operation of programs to the native community there will be some attempt to make some large savings.

I plead with the Leader of the Government that we should not look at it in that manner. We need to spend more money on Indian communities in order that they may have a better life, in terms of economic development and education. We must not look at it in terms of saving a few dollars and ruining the lives of many of the native people.

Some Hon. Senators: Hear, hear.

Senator Roblin: Honourable senators, I should tell my honourable friend what I am sure he already appreciates, namely, that he is basing his questions on a series of newspaper reports which do not really reflect final government decisions or policies, and I am at a complete loss to know where the sum of $200 million was pulled from. I certainly would not like to make any comment on that at the present time.

However, my honourable friend's point about making sure that whatever we do really is in the best interests of those whom we are trying to help, is a point that is well taken; and I undertake on his behalf to see that his remarks are brought to the attention of the minister.

Hon. Joyce Fairbairn: Honourable senators, on the same subject, I would point out that the articles in the press, as the Leader of the Government appreciates, cause a great deal of confusion and sometimes apprehension within the native community. Can the Leader of the Government send out today a signal reaffirming what the Minister of Indian Affairs told honourable senators in the Standing Senate Committee on Legal and Constitutional Affairs last June when the committee was discussing Bill C-31 and there was a discussion on funding of native programs? At that time, Mr. Crombie stated categorically that there would be no cut in Indian programs. I wonder if that could be reaffirmed today, to take the apprehension out of this current speculation in the press.

Senator Roblin: I think the leaders of the native groups in the country probably know more than the writer of the press report does about what is going on because they have been, and are being, consulted. It is very clear that consultations are proceeding with the representatives of the native peoples, so they know directly from those consultations what the situation is, and I think that is the best assurance that we can give them.

JUSTICE

CANADA COMMISSION OF INQUIRY ON WAR CRIMINALS—SCOPE OF INQUIRY

Hon. Stanley Haidasz: Honourable senators, I have a question for the Leader of the Government in the Senate. I would like to ask whether he is aware that Canadian ethno-cultural organizations of Ukrainian and Baltic origins have asked the Minister of Justice to dissuade the Deschênes Commission from going to seek evidence in the U.S.S.R. and Poland in conducting the inquiry with respect to Nazi war criminals. I would like to ask the Leader of the Government in the Senate whether any representations have been made to him to dissuade the commission from going abroad in pursuit of this type of evidence.

Hon. Duff Roblin (Leader of the Government): In the opinion of those who are interested in this matter, I do not seem to count because I have received no direct applications along the lines mentioned in my honourable friend's question. Personally, I think it would be extremely difficult for me to ask the Minister of Justice to interfere with the activities of the Deschênes Commission. After all, the commission was set up in order to bring as impartial a view as possible to the very serious problems that are before them and, in my opinion, it would not be appropriate for the government to attempt to direct their activities. We may have our views, but I think we must be patient.

It may be some comfort to my honourable friend to know that the commission has stated that there are only eight people out of the hundreds of names that they have been looking at who might be considered the subject of inquiry, should the commission go across the seas. I do not know whether they are going or not; that is not within my knowledge at the moment but, if they do, there are only eight people concerned.

I think it should also be recognized that even if these eight people are found to be worthy of further investigation—which is by no means clear—justice will be done in Canada by Canadians, and I hope that we can rely on that system to winnow out any false information, or misleading or intentionally disruptive evidence that might be presented elsewhere.

Senator Haidasz: I have a supplementary question. To further clarify this issue, would the Leader of the Government table in the Senate correspondence between these national ethno-cultural organizations and the Prime Minister, and any correspondence with the Minister of Justice?

Senator Roblin: If my honourable friend wishes to pursue that topic, he should enter an order for return on the table of the house.

THE SENATE

QUESTION PERIOD—"ORDER FOR RETURN"—POINT OF ORDER

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Roblin has used this expression "order for return" on several occasions. I do not recognize that as a term that describes procedures in the Senate. I know there is a provision for questions that require extra information to be given in writing. I think that is the rule. However, I do not think that there is such an expression as "order for return" except that there is a provision for asking a minister for return. I remember that, about four or five years ago, we had that situation arise on one occasion with a senator from New Brunswick where he was asking for the production of documents that were in the custody of a minister.

Perhaps this is merely a misunderstanding and that what Senator Roblin means is that it should be treated as a written question or that he would take the question as notice.

Hon. Duff Roblin (Leader of the Government): I think my honourable friend is right in saying that I intend my answer to imply that the matter should be converted into a written question. I used the expression "order for return" because that sticks in my mind as being a description of a written question. If it is not the case, I am sure that the Clerk of the Senate can straighten both of us out and advise my honourable friend of the correct procedure to be followed.

● (1420)

Senator Frith: I think you followed the correct procedure. It is just a matter of vocabulary.

AGRICULTURE

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT—REQUEST FOR ANSWER

Hon. Joyce Fairbairn: Honourable senators, yesterday we asked whether or not under the Agricultural Stabilization Act the government had decided to make a payment for the 1983 sugar-beet crop. I wonder if the Leader of the Government in the Senate can tell us whether or not a decision has been made to make the payment.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am rather flattered that my honourable friend thinks that I can get an answer that quickly, but the truth is that I cannot. I will let my honourable friend know as soon as I can.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, His Honour called Orders of the Day and in the heat of the moment I forgot I had some delayed answers to questions.

Senator MacEachen: I thought it was a cool afternoon in the chamber.

Senator Argue: It's warming up!

An Hon. Senator: You have your raincoat on.

Senator Roblin: I think one's attitude depends on whether one is on the receiving end or the giving end of these things. Since I am on the receiving end most of the time, I am afraid my honourable friend will have to allow me to describe my situation as best I can.

TRANSPORT

PORT OF CHURCHILL, MANITOBA—GRAIN SHIPMENTS TO U.S.S.R. AND AVAILABILITY OF HOPPER CARS

Hon. Duff Roblin (Leader of the Government): The first answer is in response to a question raised on June 19 by the Honourable Senator Guay respecting transportation, Port of Churchill, Manitoba, with particular reference to grain hopper cars.

I have another response—

Hon. Hazen Argue: Do you have the answer?

Senator Roblin: It will appear in *Debates of the Senate*, so you can read it.

Senator Argue: I would be interested in hearing it, if it is not too long.

Senator Roblin: I think you can look at it over the weekend. Unless you insist, I would rather not get into that.

Senator Argue: It has been the practice to read the answers.

Senator Roblin: I have another question by Senator Guay—

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I rise on a point of order. I thought that we had agreed that when the Leader of the Government notified the Senate that he had an answer to a question, he would leave it to any senator to ask that it be read. Otherwise, it would be taken as read. I remember we had an exchange on that subject. The practice previously was to read the answer unless it was agreed to take it as read. If a senator asks for it to be read, I think the leader should comply.

Senator Roblin: My recollection is that if the senator asking the question asked for it to be read, it would be read. I will ask the Clerk of the Senate to take the copy across to Senator Argue so that he can read it.

Senator Frith: But some other honourable senators might be interested in the answer. Honourable senators will remember that when Senator Roblin was on this side—and I am not criticizing him for it—quite frequently, after he had heard an answer to a question that he had asked, he would rise and make some supplementary observations on the answer given. It may very well be that when we hear the subject matter of the answer, we might want to ask something further about it—as

was the practice when Senator Roblin was sitting where I am now sitting. That is why I think he is quite right in saying that if nobody asks that it be read, then it should be taken as read; but if someone asks that it be read, I am sure that the Leader of the Government would not mind reading it.

Senator Roblin: I want to tell my honourable friend that Senator Roblin, in his former capacity, had some rather bad habits which I hope other senators will not follow in the future!

Senator Frith: We think they were fine.

Senator Petten: They were good habits.

Senator Roblin: If my honourable friend is so reasonable today in Question Period, then I am not inclined to disoblige him, so I will read the answer.

This answer is in response to a question raised in the Senate on June 19, 1985 by the Honourable Joseph-Philippe Guay regarding transport, Port of Churchill, Manitoba, with reference to grain shipments to the U.S.S.R. and the availability of hopper cars.

CN began field testing the prototype hopper car on the Churchill line and the mainline July, 1985.

Final tests will be conducted during spring break-up on the Herchmer subdivision in 1986.

CN is not in a position to indicate when or how many of these cars will be manufactured until all tests have been completed and the results analyzed.

Senator Argue: Honourable senators, some weeks ago I noticed a picture of the prototype hopper car in the *Winnipeg Free Press*. It looked like an excellent vehicle and as though it might serve the purpose. I wonder if I might ask the leader how many of the cars will be put into the test. I would not think that they would manufacture many until they had tested the prototype and I would not think that they would need more than one to test, but I do not know. Maybe they need a series to test because of the rhythm effect over that railroad.

Senator Flynn: Do you have an exact figure?

Senator Argue: I suppose one.

Senator Flynn: One, two, three?

Senator Argue: You are becoming more and more intelligent in your comments every day! You are even able to count now!

Senator Roblin: I am sorry to tell my honourable friend that I do not have the foggiest idea how many hopper cars are involved in the test.

STATUS OF WOMEN

BROADCASTING TASK FORCE—REMUNERATION OF WOMEN MEMBERS

Hon Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on September 17 last by the Honourable Senator Marsden regarding Broadcasting Task Force—Remuneration of Women.

(*The answer follows:*)

The Co-Chairmen of the Task Force are receiving remuneration of $440 per day, for a total of $59,840 over 136 days. All other members of the Task Force on Broadcasting Policy receive equal professional fees of $48,000 based on a per diem of $400 for 120 days. The gross contract values as reported in the September 14 "The Ottawa Scene" column of the *Globe and Mail* are misleading because they include amounts for expenses (travel, living and hospitality) in addition to professional fees. Daily expenses were calculated on an equal basis for all members: the only variable factor in the calculation of the contracts was consideration of the member's place of residence.

In the case of Madame Côté (Montréal) and Ms. Fullerton (Toronto), travel expenses to the Task Force HQ in Ottawa were estimated to be lower than those for Messrs. MacDonald (Halifax), Lavigne (Timmins) and Fraser (Edmonton). As well, the daily fees and increased number of days (with corresponding incremental travel costs) account for the higher contract values for the Co-Chairmen (Messrs. Caplan and Sauvageau) and Executive Director (Mr. Audley).

TRANSPORT

SECURITY AT CANADIAN AIRPORTS

Hon. Duff Roblin (Leader of the Government): Honourable senators I have a delayed answer in response to a question asked in the Senate on June 25 last by the Honourable Senator Gigantès regarding transport and security at Canadian airports.

(*The answer follows:*)

The special security measures which were implemented following June 25, 1985, apply to the international operations.

Those air carriers operating international flights, with the exception of transborder flights to Continental USA, are required to:

—physically inspect or X-ray all checked baggage;

—ensure all hand baggage and passengers are fully screened; and

—hold all cargo for a minimum of 24 hours unless a physical search or X-ray has been done, with the exception of perishables which have been received from a known shipper.

AGRICULTURE

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ACTION

Hon. Duff Roblin (Leader of the Government): Honourable senators I have a delayed answer in response to questions asked in the Senate on September 17 and 18 last by the

Honourable Senators Olson and Argue, regarding agriculture and the drought situation in western Canada.

Hon. H.A. Olson: Honourable senators, I would like to have the reply read.

Senator Roblin: I would be glad to oblige my honourable friend. He is here in the flesh, he has made the request, and he will get it.

Senator Flynn: Where—in the nose?

Senator Roblin: The Minister of Agriculture agreed to provide $30 per cow, or an equivalent for other classes of livestock, for Saskatchewan producers, as well as producers in the other affected provinces. It was a decision of the Government of Saskatchewan that the maximum payment should be $60 per cow. Since they had already made the payment, Mr. Wise had no choice but to reimburse the Saskatchewan treasury for the federal share.

With regard to the government's policy on drought assistance, at this time the policy has not been formulated and will not be formulated until the 1985 crop is harvested and the impact of the losses can be assessed.

Recommendations were made to cabinet with respect to the livestock industry and cabinet was asked quickly to implement them. No recommendations for assistance to grain producers have been made and none will be made until after the harvest. It is expected that cabinet will act quickly upon them as soon as they are put forward.

Senator Olson: Honourable senators, I have a supplementary question with respect to the drought program. Since there is obviously a problem with the harvest in much of this same area because of wet conditions now, as opposed to the drought conditions that created the problems, is the Leader of the Goverment saying that there will be no decision taken by the government with respect to the grain growers in that area until all the harvest is in, which will likely not be until next spring in some of those areas?

Senator Roblin: I am familiar with the problem my honourable friend has raised. If you have unsatisfactory climatic conditions you have trouble getting the harvest off the fields. I can tell my honourable friend that there is a special committee which is meeting in Regina right now in order to try to bring some finality to this question so that the agricultural community will know what is intended.

Hon. Hazen Argue: Honourable senators, why should the people in the drought area in southern Saskatchewan have to wait for the completion of the harvest in northern Saskatchewan before consideration is given to their plight? Surely, the drought disaster area is well known. The situation there has no relation to and does not depend on the crop which is harvested in any other part of western Canada.

● (1430)

On the basis of the announcement of the $60 or $30 from Ottawa as payment to the western beef producers, is the minister aware that the Premier of Saskatchewan, in announcing the $60 payment in his own press release—I do not have that in my hand, but I can certainly produce it—said that he was going to ask the Government of Canada for additional money for those beef producers?

My question is: Did Mr. Wise send the money to the treasury of Saskatchewan in response to a request by the Premier of Saskatchewan, or the Minister of Agriculture of Saskatchewan, or the Minister of Finance of Saskatchewan, or any member of the Government of Saskatchewan?

Senator Roblin: Honourable senators, I think the answer that has been given to the question is perfectly clear—that is, the Government of Saskatchewan named a sum that it was distributing to the farmers of Saskatchewan and the Government of Canada made a contribution to that.

Senator Argue: That was a contribution made to the Government of Saskatchewan, not to the beef producers.

Senator Roblin: My honourable friend may say that, but I cannot be expected to answer for the Government of Saskatchewan; I can only tell my honourable friend what the federal government has done in the matter.

Senator Argue: I asked if the Premier of Saskatchewan had asked that he receive the money instead of the beef producers, contrary to what he said in his press release. I cannot hold the minister in Ottawa responsible for what the Premier of Saskatchewan has done, but surely it is a legitimate question to ask whether the money was sent to the Government of Saskatchewan in response to its request, or was it the automatic policy of the Minister of Agriculture of Canada to send that money to the Government of Saskatchewan instead of to the beef producers? It is unbelievable that that could have happened. I cannot understand, for the life of me, how that happened.

Senator Roblin: If my honourable friend had listened carefully to the answer he might have understood, because the answer clearly said that the Government of Saskatchewan had made the payment directly to the farmers before the federal government was in the business, if I may use that expression. Therefore, the federal government's payment was made to the Government of Saskatchewan because the payment to the producers had already been made.

Senator Argue: But you have missed my point. The Government of Saskatchewan said to the beef producers: "Here's $60 per head paid by the Province of Saskatchewan without strings attached, and watch for more because we are asking Ottawa to add to that payment." After that payment was made, nothing happened. I said from a public platform in Saskatchewan that that was the biggest robbery this country had ever seen; $16 million at a crack was stolen from the beef producers. It was literally taken from them, because they were promised an extra payment. The Premier of Saskatchewan—not the federal government—broke his word as given in the press release.

Senator Roblin: I cannot comment upon that matter.

Senator Flynn: You have made your point.

Senator Roblin: I can only respond to questions that affect the Government of Canada. I cannot deal with questions

relating to the policies of the Government of Saskatchewan. My honourable friend knows that, and if he wishes to make a protest to the Government of Saskatchewan, then he should do so, but there is no sense making a protest to me.

Senator Argue: My question was: Did the Premier of Saskatchewan ask the Government of Canada to make that contribution to the Government of Saskatchewan? That was my question and I think it was perfectly clear.

Senator Roblin: That position is set out in the written answer I have given my honourable friend, and that is as far as I can go.

Senator Olson: Honourable senators, I have a supplementary question. The manner in which the Leader of the Government answered the question regarding the grain producers is very, very discouraging, because that answer indicates that there will be no action taken until all of the harvest for 1985 is in, at least that is the excuse the leader gave. If this is going to apply to the payment of crop insurance and whatever other factors may be taken into account, I must say that that is extremely discouraging. I wonder, therefore, if the leader would reconsider and resubmit the question to whoever provided the reply and ask if they were really serious that any consideration of the situation of the grain producers in the drought area is going to await the considerations the leader has outlined today.

Senator Roblin: I think my honourable friend has a point, and I agree with him. I think the government will move on the matter much faster than the answer indicates, and I think we should know in a matter of days what the policy is.

I will certainly do my best to see that that statement is made as promptly as possible.

Senator Olson: That is the most encouraging reply I have heard in some time.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-SIXTH MEETING—REPORT OF CANADIAN DELEGATION PRINTED AS AN APPENDIX

Hon. Richard J. Stanbury: Honourable senators, on Tuesday next, October 8, 1985, I shall call the attention of the Senate to the Twenty-Sixth Meeting of the Canada-United States Inter-Parliamentary Group held at Niagara-on-the-Lake, Ontario, from May 16 to 20, 1985.

I ask leave today, honourable senators, to have the report printed as an appendix to *Debates of the Senate* of this day so that senators will have it available when I speak on the subject next week.

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

Hon. Senators: Agreed.

(*For text of report see Appendix "A", p. 1332.*)

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY ACT

BILL TO AMEND—THIRD READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Murray, for the third reading of the Bill C-69, intituled: "An Act to amend the Canadian Institute for International Peace and Security Act and certain other Acts in relation thereto".—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I adjourned the debate on this motion yesterday to give the sponsor of the bill, Senator Macquarrie, an opportunity to obtain the rest of the information—in fairness to him, he did provide some information yesterday—requested by the Leader of the Opposition. As I recall it, that further information related to what consultations had taken place between the institute and government pursuant to authority to do so in the statute.

So, I yield to Honourable Senator Macquarrie.

Hon. Heath Macquarrie: Honourable senators, I thank the Honourable Senator Frith for what he has said. He is always fair and I am always informative. So, I agree with his opening sentence. I am also prepared to be even more forthcoming than I was yesterday in admitting that on our little difference of opinion on the question of third reading, he, in fact, was right. I want to remind him that some months ago when we discussed a similar matter in connection with the ICOD meeting it turned out that that was not the case; he stood up the next day and was so kind as to say not that I was right—which would have been better—but that he was wrong.

I want him to know that I am most trepidatious about our third argument, because one each way means that the next is a tie-breaker.

Senator Frith: The rubber match.

Senator Macquarrie: Yesterday, Senator MacEachen said that there was only one continuing question, and I have gone as far as to consult with the very highest authorities to prepare myself with a carefully worded reply. Referring to Senator Hicks' comment of yesterday about the bill not going through because information was not forthcoming, we must remember that a poor, humble senator sponsoring a bill in this place is not in the same position as a minister speaking with the authority of being a member of cabinet and having a host of officials to guide him. While a serious, conscientious sponsoring senator will look carefully at the legislation which he is sponsoring—and I studied very carefully, Senator Hicks, all those parts of the existing statute which were being amended—one would not expect to be asked to ad lib not only on all of the other sections, along with any of them which were under amendment, but also as to the functioning relationship of members of the executive and other people mentioned. So, if I was a few hours late in getting a reply to Senator MacEachen's penetrating question, I must apologize.

He was satisfied with the reply that was given in reference to the committee, although he observed that perhaps it was a double-headed response.

Now, I do not want the Leader of the Opposition to think that it takes two of us over here to reply to any question which he asks, and I do not want to say that I feel at all ashamed for calling to my aid Senator Doyle. In fact, Senator MacEachen, who knows his classics well, will recall that in the days of Rome when there were two consuls, things did not go too badly. But this is not to create a precedent.

● (1440)

I should now refer to the question Senator MacEachen asked and, indeed, on which he pressed me, which was as follows:

> Has the Secretary of State for External Affairs sought advice under section 26 of the CIIPS Act on matters relating to international peace and security?

The answer is as follows:

> The Government of Canada regularly avails itself of the expertise of the CIIPS in both informal and formal requests for information and advice, at all times consistent with the independence of the Institute. One example of a formal request for information pursuant to Section 26 of the CIIPS Act was that made by Canada's Ambassador for Disarmament, Doug Roche, for the Institute to undertake an analysis of proposals for a comprehensive and a selective freeze. The Institute agreed to undertake this study and provided a preliminary report to the ambassador on June 28 and a final report on October 1, 1985.

Thank you, honourable senators.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I think the information is not really on the point which I raised. I think the sponsor has begun the process of getting the information. I asked a simple question as to whether the Secretary of State for External Affairs had asked the institute for advice on any matter relating to the question of international peace and security, which is provided for under law. Surely, it is not beyond the competence of the government to say yes or no. The Secretary of State has or has not asked.

Therefore, I think I will ask that debate on the motion for third reading of this bill stand until the government is more forthcoming on that point.

Hon. Jacques Flynn: I think that is rather irregular since the opposition has already spoken.

Senator Frith: Honourable senators, I do not think there is anything irregular about a senator asking to adjourn a debate.

Senator Flynn: He spoke yesterday.

Senator Frith: I moved the adjournment yesterday.

Senator Flynn: He put the question, and that is the same thing as speaking.

[Senator Macquarrie.]

Senator MacEachen: Honourable senators, yesterday I prefaced each intervention by stating that I was asking a question in order to protect myself against the procedural point which the honourable senator is raising.

Senator Flynn: It is exactly the same thing.

Senator MacEachen: If, when a speech is completed, an honourable senator asks a question, that is not to be interpreted as an intervention in the normal course of debate. It has never been interpreted as such.

Senator Flynn: I was merely suggesting that perhaps there was a way out of the trap into which the honourable senator has put himself. If he wants to state that he is trapped, he can do so, and we will let the matter stand for months if it suits him.

Senator Macquarrie: Honourable senators, for clarification and for the record of what is taking place at the moment, I should emphasize that my reply began with the following sentence:

> The Government of Canada regularly avails itself of the expertise of the CIIPS in both informal and formal requests for information and advice, at all times consistent with the independence of the Institute.

Is this information satisfactory?

Senator MacEachen: No, honourable senators, that is just a put-off. It is just saying that the government regularly makes use of the consultative process.

The question is: Under this provision of the act, which was put there for a particular purpose, did the minister ask for advice? That requires "yes" or "no," please. It is not a question of the government regularly making use—we know that the government would make use of the services of the institute, but did it formally invoke section 26 to ask for advice as is prescribed by the act? And did the minister take that action? That is all I am asking. It is not a very difficult question. The answer should be "yes" or "no." If the answer is "yes," I should like to know how often and on what subjects.

I think it is unreasonable for whoever prepared the answer to garb it in clothing that would obscure the point of the question.

Senator Flynn: We would never have done that.

Senator Macquarrie: On a point of order, I think it is, perhaps, not really fair of Senator MacEachen to say what he has just said. This answer clearly declares that the government regularly avails itself of the expertise of the CIIPS in both informal and formal requests for information and advice, and it seems to me that that is exactly what he has been talking about, that is, asking for advice informally and formally. Has he another category?

Senator Hicks: Yes. Did it occur in this particular instance? That is what your answer does not disclose.

Senator MacEachen: Did the Secretary of State for External Affairs, not the mass of government?

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator MacEachen, seconded by the Honourable Senator Frith, that the debate on the motion be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

Senator Frith: Do you want a vote or do you want it on division?

Senator Flynn: I do not want to add to your stupidity.

Senator Frith: You are an expert in that from long years of experience.

On motion of Senator MacEachen, debate adjourned, on division.

CUSTOMS TARIFF

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator MacDonald *(Halifax)*, for the second reading of the Bill C-71, intituled: "An Act to amend the Customs Tariff".—(*Honourable Senator Hicks*).

Hon. Henry D. Hicks: Honourable senators, I refrained from continuing the debate on this motion for second reading of Bill C-71 yesterday because I wanted to study a little more carefully the remarks Senator Kelly made in moving second reading of the bill. I have now done that and I may say that I think he has covered the ground extremely well. I have one objection, to which I shall refer in a moment, but, generally speaking, his exposition of the nature and intent of this legislation satisfies me entirely.

I must admit that I am a little surprised at some of the specific examples he gave about goods that are not made in Canada. I wonder how important the provision of aluminum drop-centre livestock trailers is, but I have no objection to their being exempted from the customs tariff.

I am also surprised that he referred to industrial workers using welders' helmets and face shields, as well as industrial face shields. It will be assured that the cost of such important protective equipment is kept to a minimum through the duty free entry of all these pieces of safety equipment.

All those interested in encouraging safety participation of their sons and daughters on the football field will welcome the proposal to provide duty free entry of football helmets, face masks and shoulder pads. I cannot understand why our Canadian manufacturers have not moved into the field of providing these articles of equipment. With our great expertise in protecting our hockey players, it seems to me it would be a very simple matter for us to move into similar protective equipment for football players. If they are not made in Canada, again, I see no reason why we should object to their coming into Canada duty free.

I note with interest and, I think, with approval that Canadians will now be able to import duty and tax free goods up to $100 any number of times during the year instead of once each quarter of the year, provided they have been out of the country for 48 hours.

I said that I had one reservation about the bill and about Senator Kelly's exposition. I would refer honourable senators to the paragraph on page 1300 of *Debates of the Senate* which states:

> Furthermore, authority previously delegated to the Minister of National Revenue will now be delegated to the deputy minister of that department which will enable him to impose or remove seasonal tariff rates on certain horticultural products as Canadian production comes on line or ceases.

This I most thoroughly disagree with. We should have left this responsibility with the minister and not with the deputy minister.

The minister is accountable to Parliament. If the minister wants to rely very heavily on the advice of his deputy minister, that is his own business and he may do so. But if he has to account for it to Parliament, he cannot then say that he did not participate in the decision but that his deputy minister did. I think that it is a mistake to have devolved that responsibility formally in this legislation on the deputy minister rather than on the minister.

Honourable senators, these are rather minor observations or criticisms, if such they are, of the legislation. I think that it deserves to be supported, although I seriously wanted to record my objections to Parliament's delegating legislative responsibility to a deputy minister rather than to the minister responsible for that department. I propose to vote for the bill nevertheless.

Motion agreed to and bill read second time.

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

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

• (1450)

STRATEGIC DEFENSE INITIATIVE

GOVERNMENT ATTITUDE—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of Honourable Senator Gigantès calling the attention of the Senate to the Strategic Defense Initiative.—(*Honourable Senator Bosa*).

Hon. Peter Bosa: Honourable senators, I do not intend to speak on this order today, but if any other senator wishes to do so, I would be pleased to yield the floor.

Order stands.

TRANSPORT

MOTION TO AUTHORIZE TRANSPORT AND COMMUNICATIONS COMMITTEE TO STUDY POLICY ON CAR RENTAL OUTLETS AT AIRPORTS WITHDRAWN

On the Order:

Resuming the debate on the motion of the Honourable Senator Argue, P.C., seconded by the Honourable Senator Petten:

That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the policy of the Department of Transport regarding car rental outlets at airports, more particularly its refusal to open up competition, to increase the number of car rental outlets, the effect of restricting the major share of business to multinational companies, the adverse effect on jobs in Canadian companies and the advantages to the travelling public of greater competition.—(*Honourable Senator Argue, P.C.*).

Hon. Hazen Argue: If it were convenient for honourable senators, I would be pleased to withdraw this motion.

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

Hon. Senators: Agreed.

Motion withdrawn.

THE HONOURABLE RENÉ LÉVESQUE

CONTRIBUTION TO NATIONAL LIFE

Hon. Philippe Deane Gigantès rose, pursuant to notice of October 1, 1985, that he will call the attention of the Senate to the contribution made by Mr. René Lévesque to the life of the nation.

He said: Honourable senators, one of the most moving moments in the recent history of Canada was the glorious night when the results of the referendum were announced. Suddenly, we saw on the screen a sombre Prime Minister who had the courtesy and the genius to say, "When I see the sorrow of those who lost tonight, my heart isn't in it." I think that Mr. Trudeau gave us all a lesson on how one should behave towards one's opponents, and it is in that spirit that I wish to speak today about the departure of Mr. René Lévesque from the political scene.

● (1500)

[*Translation*]

Today, my province has a new Premier, Mr. Pierre-Marc Johnson.

Honourable senators, I would like to bring to your attention a few of the contributions made by Mr. René Lévesque to the political life of my province and our country.

He was a great journalist of international calibre and at the same time a great teacher. No one will ever be able to deny that. His extraordinary program "Point de mire", whose imitations never equalled the excellence of the original, either in the United States or in Europe, was a model of its kind.

His grasp of the facts, the clarity of his thinking and his fascinating presentation focussed the attention of an entire generation on the world about them.

When he entered politics as a member of the Liberal Party, he became one of the driving forces of the Quiet Revolution. Quebec had to wake up and Mr. Lévesque was one of the Liberals who sounded the bugle call. The results were extraordinary: the expansion of education, soaring industrial development, the founding of institutions that contributed to the progress and well-being of my province. Those were the achievements of the Quiet Revolution, thanks to the Liberal Government of Quebec of which Mr. Lévesque was a member. These were only a few of his achievements under the Liberal regime in Quebec. Unfortunately, Mr. Lévesque left the Liberal Party, heading towards a future that proved to be a dead end. Paradoxically, the mortal struggle he fought and lost to Mr. Trudeau may have been his most important contribution to this country.

He wanted to make Quebec an independent country, closely associated to Canada.

I was and always will be one of those who were not and who are not in agreement with this ideology. I am glad Mr. Lévesque lost.

However, I cannot help admiring him for adhering to the principles and practice of democracy and decency when he was fighting that mortal struggle.

There were people around him who worshipped him. He was and always will be a formidable adversary and a politician with an almost magical charisma. He could have aroused the enthusiasm of his partisans, and I am referring to the Ancient Greek meaning of enthusiasm which means "feeling possessed by a god", which justifies hate and excess.

Most of the time, however, Mr. Lévesque was possessed by reason. That is why he never approved of violence and never failed to observe the rules of a democratic society. He was our opponent and, as I said before, I am glad he lost. Like all of us, I realized that he could hit hard, and I am glad he was not one of those people who hit below the belt.

He could put crowds under his spell, but he never let their mood degenerate into the fanaticism of an emotional crusade.

He never forgot that the power of a democracy lies with the people. He has always accepted the people's verdict. He never went along with the pernicious dogma that the only real Quebecers were those of ancient French ancestry. He was repelled by racism and xenophobia.

Mr. Robert Bourassa, speaking in defence of the Canadian federation during the referendum debate, said that in other countries, separatists were in prison but here they were in power! That is entirely to Canada's credit. There is not another country as noble and as free as ours anywhere in the world. It is also to Mr. Lévesque's credit. Canada is an enlightened democracy that accepts separatists like Mr. Lévesque. And

Mr. Lévesque has been an enlightened separatist who has always accepted the rules of our Canadian democracy.

And speaking of separatism, Canada has been an example for all the democracies in this world, which cannot be true democracies unless they tolerate heresy. However, democracies cannot tolerate heresy unless it is expressed according to the rules of the democratic game, and Mr. Lévesque has never broken those rules.

One could say it was his duty. Unfortunately, there are many examples in this world of people who do not see it that way.

He did, and I want to thank him for doing so.

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

The Senate adjourned until Tuesday, October 8, 1985, at 2 p.m.

APPENDIX "A"

(*See p. 1327*)

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-SIXTH MEETING, NIAGARA-ON-THE-LAKE, ONTARIO
MAY 16-20, 1985
REPORT OF THE CANADIAN DELEGATION

The 26th annual meeting of the Canada-United States Inter-Parliamentary Group was held at Niagara-on-the-Lake, Ontario. Discussions took place in three Committees:

Committee I: Economic and Trade Issues
Committee II: Energy, Defence and Multilateral Issues
Committee III: Fisheries, Environment and Multilateral Issues

At the conclusion of Committee discussions, the Group met in Plenary session to hear presentations and discuss Canada-United States free trade and to permit 2 delegates on Committee III to make presentations on acid rain. The Canadians who co-chaired the Committee meetings with U.S. counterparts were: for Committee I, Senator Richard Stanbury; for Committee II, Patrick Nowlan, MP; and for Committee III, Fred McCain, MP.

The United States Delegation

The Senate

Honourable Ted Stevens, Chairman (Republican-Alaska)
Honourable Edward Zorinsky, Vice-Chairman (Democrat-Nebraska)
Honourable Orrin G. Hatch (Republican-Utah)
Honourable Max Baucus (Democrat-Montana)
Honourable Howell Heflin (Democrat-Alabama)

The House of Representatives

Honourable Michael Barnes, Co-Chairman (Democrat-Maryland)
Honourable Dante B. Fascell (Democrat-Florida)
Honourable Sam Gibbons (Democrat-Florida)
Honourable Lee Hamilton (Democrat-Minnesota)
Honourable James Oberstar (Democrat-Minnesota)
Honourable John LaFalce (Democrat-New York)
Honourable Brian Donnelly (Democrat-Massachusetts)
Honourable Bill Broomfield (Republican-Michigan)
Honourable Bill Frenzel (Republican-Minnesota)
Honourable Arlan Stangeland (Republican-Minnesota)
Honourable David Martin (Republican-New York)
Honourable John Miller (Republican-Washington)

The Canadian Delegation

The Senate

Honourable Richard J. Stanbury, Co-Chairman (Liberal-Ontario)
Honourable Dan Hays (Liberal-Alberta)
Honourable Henry D. Hicks (Liberal-Nova Scotia)
Honourable Lowell Murray (Progressive Conservative-Ontario)
Honourable Nathan Nurgitz (Progressive Conservative-Manitoba)
Honourable Peter Stollery (Liberal-Ontario)
Honourable George C. van Roggen (Liberal-British Columbia)

The House of Commons

Mr. Pat Nowlan, M.P., Co-Chairman (Progressive Conservative-Nova Scotia)
Mr. Iain Angus, M.P. (New Democratic Party-Ontario)
Mr. W.C. Attewell, M.P. (Progressive Conservative-Ontario)
Honourable Lloyd Axworthy, P.C., M.P. (Liberal-Manitoba)
Mr. Ross Belsher, M.P. (Progressive Conservative-British Columbia)
Mr. Jim Caldwell, M.P. (Progressive Conservative-Ontario)
Mr. Jean Charest, M.P. (Progressive Conservative-Quebec)
Mr. Stan Darling, M.P. (Progressive Conservative-Ontario)
Mr. Maurice Foster, M.P. (Liberal-Ontario)
Mr. Sid Fraleigh, M.P. (Progressive Conservative-Ontario)
Mr. Jim Hawkes, M.P. (Progressive Conservative-Alberta)
Mr. Felix Holtmann, M.P. (Progressive Conservative-Manitoba)
Miss Pauline Jewett, M.P. (New Democratic Party-British Columbia)
Mr. Fred McCain, M.P. (Progressive Conservative-New Brunswick)
Mr. Louis Plamondon, M.P. (Progressive Conservative-Quebec)
Mr. Guy Ricard, M.P. (Progressive Conservative-Quebec
Mrs. Barbara Sparrow, M.P. (Progressive Conservative-Alberta)

COMMITTEE I—ECONOMIC AND TRADE QUESTIONS

Agenda

I. The international economic climate

1. The economic outlook in the United States and Canada including budgetary deficits, inflation rates, unemployment levels, the investment climate, trade balances and the value of the U.S. dollar.

2. Multilateral trade developments:
   (a) trends toward protectionism;
   (b) competition in export credits.

3. Prospects for a new GATT round of negotiations to liberalize trade in agriculture, resource products, and services, etc.

II. Specific trade irritants

1. Canada's FIRA.
2. U.S. marking regulations for imports of steel pipes and fittings.
3. U.S. investigation of Canadian hog and pork imports.
4. Certain provisions of the U.S. omnibus Trade Act of 1984.
5. Extraterritoriality.
6. Canadian fish product exports.
7. Canadian softwood lumber exports.
8. Tax on tourist literature.
9. Border broadcasting.
10. Canada's subsidized freight rates.
11. Canadian patent law relating to pharmaceuticals.
12. U.S. sugar quota.
13. Trade in beef.

Committee I met in three sessions. The first was devoted to macroeconomic questions relating to the overall performance of the two economies. The second and third sessions focussed on bilateral trade problems, with particular attention devoted to a few issues. Even though bilateral free trade hung over much of the dicussion, Committee I members consciously refrained from considering the question, since it was to be taken up in plenary.

I. The International Economic Climate

State of the U.S. and Canadian Economies

An American spokesman commented that growth in the U.S. economy had declined from 7 per cent to 2.4 per cent, with the result that new job creation was only sufficient to look after new entrants and unemployment remained high. There had actually been a decline in jobs in manufacturing, with the service industry and construction taking up the slack. At the same time, inflation remained relatively low and interest rates were continuing to decline. This sluggish growth performance was being called 'growth recession'.

There were differences of opinion as to what to expect from the U.S. economy in 1986 and 1987, ranging from four per cent to zero growth. Whatever the figure, there was agreement that the prospect was unsatisfactory, although there was no consensus on the appropriate policy response.

Not surprisingly the level of the U.S. dollar was a matter of concern. Noting that at the end of the Second World War the Bretton Woods agreement had produced an overvalued U.S. dollar, a U.S. participant mentioned that this situation had been reversed in the 1970s with the unpegging of the dollar, which allowed it to decline. This in turn had generated a ten fold increase in trade. But now the situation was once again reversed and no one knew what to do. Although the dollar was overvalued, the United States had the world's highest real interest rates and it was the safest and most attractive country to invest in.

There were some differences of opinion among U.S. participants as to whether Americans were continuing to invest abroad. Some claimed that foreign investment had not increased and that the reverse flow of investments in the United States resulted from the decision of Americans to invest at home rather than abroad. Others argued that U.S. industrial investment was migrating abroad, while yet another pointed to increased sourcing abroad by U.S. industry, often in facilities built through joint ventures and not requring large U.S. investments. There was agreement that the U.S. balance-of-payments was heavily negative and that even after taking account of invisible transfers, the deficit on current account amounted to about $120 billion.

Another U.S. participant asserted that the problems of the American economy were greatly aggravated by over expenditure by government. The deficit was in fact larger than was admitted and the last increase of the borrowing ceiling of $225 billion voted in October which was supposed to be sufficient for one year had been used up by the following June. This observation opened up another debate among American participants, with some maintaining that Congress had voted to hold down defence expenditure and to cut the COLA out of social security payments while others insisted this was posturing and that only when Congress finally voted an agreed budget resolution—which had not yet happened—did it mean anything.

A Canadian participant led off with a comment on the state of the Canadian economy, where the recession had bitten more deeply than in the United States. At its lowest point, real business investment had declined by 21 per cent and actual employment had decreased by 5.5 per cent. The federal deficit in Canada was proportionately considerably greater than that of the federal deficit in the United States. The new government had a pro-business stance, had worked out a new oil agreement with the Western provinces and had modified the approach to foreign investment. Nevertheless, hopes for improvement of the economy depended on U.S. action to reduce its domestic deficit. Canada's heavy trade with the United States made it particularly vulnerable to protective

action by the United States. From the Canadian perspective all the elements argued in favour of a new economic deal with the United States.

Another Canadian speaker pointed to the combined deficits of the provinces of $20 billion. This situation contrasted with that of the U.S. state governments, many of which were required by law to have balanced budgets. The overall deficit of the two levels of government in Canada were on a per capita basis almost double that of the United States. An American participant commented that the situation of the U.S. states was a little murkier than appeared on the surface, since there were a number of accounting tricks used by U.S. states to conceal deficits.

GATT and Trends toward Protectionism

The opening U.S. speaker on this topic stated that protectionist pressures were stronger than he remembered during his 15 years in Congress. In this period the share of trade of the U.S. GNP had increased from 5 to 12 per cent, making the United States more vulnerable than it had been previously to the effect of an overvalued dollar. He anticipated measures such as a textile quota bill that might violate the multifibre agreement. In his opinion a new GATT agreement would be needed to clear up mistakes which the Congress would make. One of the few healthy developments was Canada's interest in moving from sectoral to full free trade.

Another U.S. Congressman who chairs the sub-committee on Trade of the Ways and Means Committee noted that almost all trade bills now being submitted were protectionist in character and at least one fifth were referred to his sub-committee. He complained that the U.S. Administration had been deficient in investigating injurious subsidies by foreign competitors. Expressing particular concern about two-tier pricing of energy by some foreign countries, which provided competitors abroad in some energy-intensive industries with an unfair advantage, he explained that he had submitted a bill to redefine countervail to include resource input subsidies. Among the resources which he felt needed to be investigated was Canadian lumber which appeared to benefit from low stumpage rates compared with the United States.

There was disagreement among American participants as to whether the U.S. was ready to enter GATT negotiations. According to one view, France had saved the United States from embarrassment, because Congress was not ready to give the President authority to negotiate further tariff and non-tariff reductions. Another American argued that, as in previous negotiations, only after a GATT conference began would Congress delegate to the President the negotiating authority he needed. Therefore he felt that the sooner the next GATT round started, the better. However, he wanted those negotiations to include agricultural trade and trade in services.

Canadian speakers, while supporting the launching of GATT negotiations, also stressed the fact that the process was drawn-out and there was no assurance that the increasingly important non-tariff barriers would be reduced. Since Canada was dependent for one-third of its GNP on trade and three-quarters of that trade was with the United States, priority had to be given to developing that trade relationship.

In this connection an American speaker reminded the meeting that Congress had already given the President authority to negotiate a bilateral free trade agreement with Canada. Asked whether protectionist pressure would jeopardize congressional approval of a free trade arrangement with Canada if one were agreed upon, he doubted that it would.

Export Credits and Trade in Grains

Spokesmen for both sides supported the goal of eliminating export subsidization through the credit mechanism. However, the practice was widespread and the immediate goal had to be international agreement on standards so as to avoid excessive competition.

Discussion quickly turned to the recent decision of the U.S. government to support American grain sales abroad with a special $2 billion subsidy. A U.S. participant representing an agricultural state recognized that this move could destroy the world market for grains, but insisted that the United States had to combat European agricultural subsidies or lose its share of world markets. Canadians regarded the bonus as being especially threatening, since it was to go on top of regular export credit assistance. They wondered whether there was any possibility of working out a new international grains agreement. The U.S. spokesman said that the last attempt to do so made six years ago had failed. In his view the aim of U.S. policy should be to move toward two-tier pricing, so that the consumer rather than the taxpayer would support U.S. agriculture.

Throughout this discussion there was an underlying recognition that the main reason for the trade deficit was the overvalued level of the U.S. dollar. One American participant wondered whether the answer might lie in a return to fixed exchange rates which governments would be committed to defend. This prompted a response from another American that governments could not return to fixed rates, since currency fluctuations were now too strong to resist. Every time the subject of the overvalued dollar came up—which was frequent—it was admitted that this was the underlying cause of the U.S. trade problem, but there was no acceptable solution. As a result the political response was to turn to protectionist measures.

II. Specific Trade Irritants

Steel Pipes

The opening U.S. speaker stated categorically that the inclusion of a requirement that imported steel pipe be indelibly marked was a mistake. Another described it as being an "odious" decision. However, the Ways and Means Committee was holding hearings on a Technical Corrections Act (HR 1800) to modify the labelling requirement and he understood the proposed change was acceptable to Canada. A Canadian acknowledged that the amendment would resolve the problem and both

sides agreed that this matter was a classic illustration of how effective cooperation could resolve difficulties.

U.S. investigation of hog and pork imports

The discussion on this topic took place against the background a few days earlier of the action of three U.S. states to ban the import of Canadian hogs on the grounds that producers in Canada used an anti-biotic banned in the United States. The discusssion was particularly lively because several Canadian participants had close personal connections with the industry and a detailed knowledge of its problems.

The U.S. side opened the discussion by describing the rapid growth in Canadian exports to the United States—a doubling in 1983 followed by a 169 per cent growth in 1984. This flood of new imports was very disturbing to U.S. producers, who blamed Canadian stablization programs.

The first Canadian speaker to respond asked the Americans to think back only 13 years earlier when the U.S. had had 25 per cent of the Canadian market. At that time there had been strong pressure within Canada to block imports, which had been resisted, and free trade in hogs and pork had continued. The recent turn-about in this market was a result of three factors: first, the overvalued U.S. dollar; secondly, the superior quality achieved through careful breeding of Canadian hogs, which were sought after by U.S. packers; and thirdly, in relation to major U.S. markets in the north-east, the superior location of south-western Ontario as compared with the American mid-West.

Another Canadian participant observed that the Canadian price is set in Chicago. Canadian producers could not therefore undercut the U.S. price. He also noted that Canadian hog producers indirectly benefited the United States since, for example, 60 per cent of the feed used for hogs in Manitoba was produced in the United States. He acknowledged, however, that some provincial stabilization programs in Canada had encouraged excessive hog production and that this had been a concern to the federal government.

Yet another Canadian participant observed that the domestic price to producers had fallen from 70 cents to 58 cents a pound and many Canadian farmers were suffering. This prompted a U.S. Senator to point to the economic distress in the mid-West where schools were closing, banks were failing and people were moving out. There were even threats of vigilante action. Canadian participants acknowledged that shipments of live hogs were especially provocative and recollected that U.S. shipments to Canada had always been in the form of cuts of meat, which were much less disturbing to competing producers.

Review of Foreign Investment

A U.S. speaker made a brief opening remark to the effect that he did not believe controls on investment were in the interest of Canada or even of the United States and suggested that FIRA had deterred U.S. investment in Canada. The Canadian spokesmen replied that during the last election the new government had sought and received a mandate to reduce the barrier to foreign investment in Canada which FIRA represented. It had given priority to new legislation in this field, and he proceeded to indicate the main provisions of the Investment Canada bill.

Another Canadian speaker representing an opposition party asked Americans if they would be prepared to accept the high levels of foreign ownership which prevailed in Canada. In his opinion some controls were necessary, but he noted that even so $4 billion of foreign investment had been approved in 1984. The main objective for Canada should be to achieve some bargaining leverage with foreign investors.

Another American speaker wondered how transparent the new process would be. He asked how "net benefit" would be determined, remarking that "substantial benefit" as used in the FIRA legislation had been difficult to judge. He questioned whether there would be "national treatment".

Discussion on this item closed with two remarks by Canadians. One noted that the United States had a substantial number of specific limitations on investment by foreigners that taken together represented a substantial barrier. Another spoke of the situation in Quebec when, during the height of the debate on sovereignty-association, there was a consensus among Quebeckers that increased U.S. investment was quite compatible with independence.

Export of Canadian Fish Products

A Canadian spoke with concern of the threat of countervail against imports of fresh cod and pollock. Canadians saw this pressure as arising out of a reduction in fish stocks, a build up of the U.S. fishing fleet and the loss of fishing rights on part of the Georges Bank. There was no response on the U.S. side.

Softwood Lumber

This subject aroused such widespread interest that it was discussed in two successive sessions of the committee and attracted visitors from the two other committees. Together participants devoted over two hours to this one topic. The discussion was particularly intense because it involved on the U.S. side two sponsors of major bills relating to imports of softwood lumber from Canada, namely Senator Max Baucus, the author of a bill to place a tariff surcharge on Canadian lumber imports if voluntary restraints were not agreed upon and Congressman Sam Gibbons, the principal author of a bill to enlarge the application of countervail to cover a natural resource subsidy.

The first discussion was opened by Senator Baucus who acknowledged that the lumber industry of both countries was in bad shape. Nevertheless, during the previous decade, he claimed Canada had increased its share of the market for softwood lumber in the United States from 18 per cent in 1974 to 31 per cent in 1984. Since overall demand for lumber had actually fallen, the result for the Pacific north-west had been devastating.

He blamed this Canadian incursion on three factors: the high dollar, lower transportation costs and lower stumpage

rates. With regard to stumpage he claimed there was a discrepancy in cost between the two countries in the order of one to forty or fifty. Although the U.S. International Trade Commission had determined two years ago that Canada's system of stumpage charges was not a subsidy, in his opinion the determination was "just wrong". He warned that in this new round on softwood lumber, the U.S. industry was not as divided as it had been last time.

Congressman Sam Gibbons spoke directly about his bill on natural resource subsidies. He asked rhetorically whether anyone could not be against an "injurious subsidy". Contrasting the two systems, he claimed that the U.S. system represented an auction to the highest bidder of the right to cut on public land, whereas Canada offered a licence to cut and some Americans would say this sale "was not at fair market prices". In addition, much American wood was cut on private lands, where the owner had to secure a competitive rate of return for the use of the land. He admitted there was room for honest differences of opinion. In the final analysis what had to be established was the "relative costs of logs when they met the saw blade". He also added that foregoing a payment was itself a form of subsidy.

The Canadian spokesman offered an extensive and comprehensive response, with some differences of emphasis in the two sessions. He too acknowledged that the lumber industry in British Columbia and the U.S. north-west was "bleeding to death", but he claimed that the situation was asymetrical, in that the relative importance of the lumber industry for British Columbia and for Canada generally was much greater than for the United States. He questioned the figures given relating to the growth in Canada's share of the market, pointing out that B.C.'s share had not grown and that the U.S. north-west had lost out to producers in Eastern Canada and the U.S. South. It was important to recognize, he maintained, that the market for lumber was highly fractured and that greater use of row housing and of concrete as a building material had significantly reduced the overall demand for softwood lumber.

Turning to production costs in the two countries, the Canadian spokesman pointed to the wide range of stumpage prices which U.S. producers had to pay, ranging from $13 to $100 a thousand board feet. He reminded the U.S. participants that toward the end of the 1970s U.S. companies had bid up stumpage prices in the Pacific north-west in the belief that continuing inflation would quickly lower the real costs. But the fall in the demand for lumber combined with the significant decline in the rate of inflation had left the U.S. companies committed to excessive costs and the federal government had later had to agree to reduce the stumpage price. His question to the American participants was whether Canada should be forced to adopt a bad system of stumpage to protect itself against U.S. retaliation.

With regard to the U.S. complaint regarding the lower cost of shipping lumber from Canada to U.S. ports such as those in the southern states, this too was "a self-inflicted" wound. The Jones Act forced American producers to ship their lumber in U.S. bottoms crewed by highly-paid Americans, whereas Canadians could ship on foreign bottoms whose charges were much lower.

The third factor—the high price of the U.S. dollar—was likewise not due to action by Canada. British Columbia's system of stumpage had not changed for two generations, yet it was only during the last few years that the relative growth in Canadian exports as a portion of the U.S. market had occurred. This was for him firm evidence that the problem was not related to the stumpage system, and was related rather to the high price of the dollar.

For Canadians it was disturbing to hear Americans challenging their own quasi-judicial procedures for identifing subsidies. The claim had been made two years ago when the ITC had reviewed the situation that the U.S. system was fair and transparent. It was alarming now to face suggestions that U.S. law should be changed so as to make it possible to secure an adverse ruling against Canada.

The Canadian spokesman reminded Americans that only two decades ago, at a time when the United States government had shown alarm at possible shortages of vital raw materials, the Canadian lumber industry had been asked and had given assurances that Canada would be a dependable source of softwood lumber. The corollary of this earlier request by the United States was an obligation to give fair consideration to Canadian producers.

During the exchanges which followed the principal presentations there were references to several bills before the Congress calling for restrictions on Canadian lumber exports. Congressman Gibbons insisted that bills requiring physical limits were unlikely to pass into law. For this reason, discussion focussed primarily on Gibbons' bill to control resource subsidies.

Two paragraphs in particular were the focus of particular interest. The first (lines 4 and 15-17 on page 2 of H.R. 2451) determines that "a resource input subsidy exists if...a product...is not freely available to United States for purchase...". As the Canadian spokesman pointed out, this clause causes a problem in British Columbia because for a couple of generations the export of logs has been forbidden in order to ensure that processing work was reserved for B.C. workers. British Columbia would not be prepared to change this basic requirement, although in his view it could be shown that the cost of logs at the sawmill in B.C. were comparable to those in the Pacific north-west. Such a demonstration was, however, not easy, since production costs varied considerably, depending on where the wood was cut.

The second paragraph (lines 3 to 6 on page 4) excludes "the cost or value of any activity" undertaken to remove the product. Under a strict interpretation, this clause could eliminate major costs such as road building and reforestation as costs of production. With regard to this latter paragraph, Congressman Gibbons asserted that he had not made up his mind about the language. His aim was to protect the United States from two-tier pricing. He said that he understood that stumpage in

Canada represented a royalty and that the producer was obligated to pay the cost of road building and replanting.

The discussion ended with agreement that the two sides should remain in touch on this crucially important subject.

Tax on Tourist Literature

This topic was only very briefly noted. A U.S. participant mentioned that Canada's tax had aroused concern in the United States, but this had been allayed by the undertaking to find a solution given by Prime Minister Mulroney during his March meeting with President Reagan.

Canadian Patent Law relating to Pharmaceuticals

The U.S. side led off this discussion with the assertion that Canada was one of the few countries in the world not to grant patent protection to the discoverers of new pharmaceutical products. Instead Canada had chosen to require compulsory licensing.

A Canadian participant responded by noting that three different reports undertaken over a number of years had come to the same conclusion that Canadian consumers needed some protection. The price reduction achieved through the licensing system introduced in 1969 had been dramatic, as was illustrated by the relative price of Valium: $16 a thousand in the United States, $9 a thousand in Canada under the brand name and $1 a thousand as an identical generic drug. Not only had individual consumers benefited from lower prices, but provincial governments which provided drugs free for patients receiving health care had saved considerable sums of money. Canada was looking for a way to give inventing companies a better deal while still protecting consumers. However, negotiations between the two competing groups of companies had not yet achieved a resolution of their differences.

A second U.S. participant asserted that the purpose of patents was to protect inventiveness. This prompted another Canadian to observe that most industrialized countries used one means or another to hold down the price of drugs to consumers. He also reported that the Commissioner of Patents in Canada regularly asked for information from companies on their costs of producing drugs on which licences were being sought in order to determine an appropriate royalty rate, but such information had never been provided by the companies.

U.S. Sugar Quota

A U.S. spokesman representing a producer perspective led off discussion by pointing out that the United States seeks to produce domestically 50 per cent of the sugar it consumes, and maintains a domestic price of 18 cents a pound. This contrasts with a world price of 3 cents a pound. While the import of raw sugar has been restricted, the combination of low world sugar prices and the high dollar has permitted Canadian food processors rapidly to expand their sales of sugar- containing products into the U.S. market. This was the background to President Reagan's emergency quota which was imposed in January 1985.

The Canadian side expressed concern over the comprehensiveness and severity of the U.S. action. The quota for most products was exhausted within weeks. Canada held domestic sugar production to 10 per cent of demand, in order to provide a market for third world producers, a policy which also benefited consumers. Canada placed hope in the President's undertaking to review the scope of the regulations.

Several participants on the U.S. side who were well informed on trade matters expressed shock at the scope of the emergency order, regarding which they had had no previous information, and asked for copies of the list of products covered. While the quota did not represent a cost to the U.S. Treasury, it did represent a tax on consumers. They presumed that U.S. producers were worried about the renewal of the sugar support arrangement in July of 1985 and expressed the view that the U.S. sugar producer group had gone too far in pressing for this all-embracing quota.

Trade in Beef

The Canadian spokesman reported that Canada protected itself from large quantities of subsidized beef from the European Community with an import quota. This quota had been pro-rated and in the process U.S. sales to Canada had been restricted. Canada recognized that the United States was not at fault and had found a way to exclude U.S. exports to Canada by eliminating high quality beef from the quota. This had resolved the difficulty. However, Canada would welcome advice from the United States on how to handle the flood of European beef being offered in Canada.

Border Broadcasting

The topic of border broadcasting was briefly reviewed in now traditional terms with Canadians reminding Americans of Canada's need with a small exposed market to act so as to protect Canadian culture. American speakers reiterated the concern felt in Congress over the infringement of patent rights by foreign distributors. They noted that the United States had "almost gone to war" with Jamaica over the taping of movies and a comparable dispute had arisen with Brazil. They were interested to know whether the new Canadian government intended to make any policy changes in this field.

Canadian participants indicated that the mirror legislation adopted by the United States had had little impact in Canada, since there was not much broadcasting directed at U.S. audiences. They did not anticipate a change in Canadian law. However, they felt that the rapid development of broadcasting technology constituted a major potential problem between the two countries. If home users could pick up signals directly and inexpensively, it would become difficult for producers to protect their copyright.

Freight Rates

Discussion on this topic was very brief. Canadian speakers reported that the new freight rate system put into effect last year replaced a more generous system which had prevailed for over 100 years. In the long term inflation would reduce the real value of the support offered. In the interval, some brokers

had abused the new system and had moved canola and corn meal into the American north-west in substantial and unusual quantities. The Canadian government was attempting to negotiate a voluntary restraint program which should, if agreed to, largely satisfy U.S. millers.

COMMITTEE II—ENERGY, DEFENCE AND MULTILATERAL QUESTIONS

I. Energy

1. Modification in Canadian policy on gas exports and impact on trade with United States.
2. Impact of changes in Canadian oil and gas policies regarding retroactive "back in"; deregulation of oil prices; investment climate; outlook for bilateral energy co-operation.
3. Bilateral electricity trade.
4. Problems of access to U.S. market for uranium.

II. Defence

1. **Multilateral**
   (a) Arms control negotiations;
   (b) The Strategic Defence Initiative (the Star Wars debate).
2. **Bilateral**
   (a) Modernization of NORAD;
   (b) Deployment of AWACS for North American defence;
   (c) Deployment in Canada of U.S. nuclear weapons;
   (d) Functioning of the defence production sharing arrangement between Canada and the United States.

III. Multilateral Issues
(in joint session with Committee III)

1. The food crisis in Africa.

I. Energy

During the exchange on energy issues, the Canadian side described the new Canadian energy and investment policies. On the subject of the inefficiences on energy transportation and distribution systems in North America, the U.S. delegation thought there was unlikely to be any lifting of the U.S. prohibition of crude oil exports.* This led a senior U.S. Senator to revive a proposal he had made a decade earlier for a North American or continental energy policy. During the discussion on bilateral electricity issues, the U.S. side reacted positively to the idea of increased electricity exports from Canada.

* However, on June 14, 1985, the U.S. Administration removed the prohibition on exports of crude oil to Canada from the lower 48 states, retroactive to June 1.

Natural gas and petroleum policies

A Canadian delegate described briefly the impact of the Canadian government's new energy policies including the Western Accord and the replacement for the Foreign Investment Review Agency (FIRA). The Canadian natural gas price has already been deregulated and crude oil prices would be deregulated by June 1, 1985. The Petroleum and Natural Gas Revenue Tax (PGRT) was being phased out and the Petroleum Incentive Program (PIP) grants to Canadian companies were being done away with. Draft legislation was currently under debate to replace FIRA by Investment Canada to ease investment constraints. The Prime Minister and other Ministers have indicated the government intended to make changes in the Crown Share and the retroactive 25 per cent 'back-in' provisions on all Canada Lands production projects. How this policy was to be implemented was being studied. Production in the Canada Lands fields, in the tar-sands and offshore, have high potential but are very high-cost and an assured market was needed before development. As for the deregulated gas price, it would be 'market sensitive' but the export price would not be allowed to fall below the Canadian price.

A Canadian Senator noted that Canada, under a National Energy Board (NEB) requirement, had mandated a 25 year surplus supply of natural gas and at present there was more than enough available. The government needed to develop a new gas-pricing mechanism by December 1, 1985. The present requirement—that the price of exported gas cannot be less than the Toronto city gate price—annoys western producers since this price includes the transportation and gathering costs. This delegate doubted that such a price floor for exports would be adhered to. Under the previous government, when natural gas prices had been set by the federal and Alberta governments, several policies had been put in place to make Canadian gas exports more 'market-sensitive' in the United States and in recent years, higher quantities of gas exports had been authorized than Canada had, in fact, exported.

This delegate said there was some concern in Canada regarding the natural gas transmission facilities to the Atlantic provinces and eastern seaboard. The NEB was suspending its hearings until the U.S. regulatory agency ERA (the Economic Regulatory Agency of the Department of Energy) had approved the pricing for long term gas contracts.

U.S. delegates expressed satisfaction that FIRA was now being replaced by a more open investment regime. However a Canadian delegate noted that there was still a commitment in the new legislation to a certain level of Canadian ownership in this industry where foreign ownership, prior to the NEP, had been at the 85 per cent level. The new procedures would continue to maintain a threshold—$50 million for indirect acquisitions and $5 million for direct—and transactions above this level would continue to be subject to review. This participant

noted that even under the existing regulations, $4 billion foreign investment had come in last year. While foreign investment would become easier in Canada, this delegate was concerned that the FIRA review process, which had been used previously to "bargain up" such benefits for Canada as increased employment levels or world product mandates, would no longer be available.

Other Canadian delegates noted that only 20 per cent of the 1983 foreign investment cases would be reviewable under the new legislation, the review process would be quicker and only takeovers, not direct investment, would be dealt with. Ministerial discretion could funnel applications through whereas previously there had been a Cabinet review process. The cultural field was an exception and close watch would be kept in this sector. It was noted that the Canadian economy was severely undercapitalized; with 92 per cent of projected Canadian savings being borrowed because of the deficit. The new budget would encourage increased Canadian investment but the government had done away with mechanisms including the PIP grants which constituted "a loaded deck in favour of Canadians" in the energy field.

A Canadian delegate asked the U.S. side if a change was likely in the U.S. prohibition on crude oil exports, citing a need for rationalization of supplies and the difficulties created for Sarnia producers. It appeared that the U.S. Administration seemed to wish such a change. U.S. delegates had differing reactions. A New England Congressman said he reflected the majority in Congress which did not consider the prohibition should be changed. However, a U.S. Senator from Alaska said he was in favour of permitting such oil exports although he was not optimistic that a change could be achieved. There had been three unsuccessful attempts in the Senate to amend the Export Administration Act in this respect. Some parts of the industry agreed with the prohibition because of the level of reserves which were thought to be too low.

The Senator then commented on the dismal energy picture in Alaska. There had been no new recent oil strikes, production rates were down, there was, as yet, no successful producing well off-shore and the drilling activities there had led to problems with fishermen. In his opinion, U.S. oil reserves were too low. Alaska was retrenching its gas as there were no transmission facilities. The Senator then suggested a North American or continental energy policy, a proposal he said he had been ridiculed for raising in the same forum over a decade earlier. Canada and the United States would be involved and Mexico would be excluded at least initially, he said. The objective would be to put in place continental-wide planning to rationalize energy supplies and reduce transmission costs. He suggested that an allocation board from the private sector, similar to the $1 a year members of the wartime allocation boards, could be established to begin this planning. He admitted new U.S. legislation would be required to clear the way for such a planning group. The initiative would have to come from Canada. The present U.S. energy transportation system was ridiculous, this participant continued. As an example, Alaska oil should be able to come into Puget Sound and use the Trans-Mountain pipeline to get to the mid- west markets. A rationalization of the supply system would also benefit Canada which at present had to compete with Louisiana but with higher transportation costs.

The initial reaction of the Canadian side to the continental energy proposal was a concern that while industry might do the planning there were too many competing power fiefdoms in this sector and governments inevitably would have to be involved. Another Canadian delegate questioned whether Canada would be wise to take such an initiative for a continental energy policy at a time when the U.S. Congress was becoming so protectionist. If Canada freed its resources, what would the Congressional response be to the granting of easy market access for Canada goods in other fields? The Senator replied that now, at a time of surplus energy, was the best time to plan a whole free trade package including energy which would be such a dominant item.

Electricity trade

Generally the U.S. side reacted positively to the idea of increased Canadian electricity exports. Emphasis was placed on the mutual benefits to be derived.

A U.S. delegate from the U.S. Northwest opened the discussion by commenting that in the Northwest, the positive outcome of the Skagit Ross Dam controversy should have led to negotiations for further electricity sales in the United States. However the Bonneville Power Administration, with one nuclear power plant completed and two incompleted, controlled transmission facilities and was presenting a stumbling block to increased Canadian sales.

A New England delegate spoke of the benefits from Hydro Quebec's electricity sales, citing the dangerous overdependence of his area on imported oil. The New England Power Pool (NEPOOL) was very pleased about these sales. The delegate himself had spoken to the Governor of Massachusetts on the subject and his reaction too was very positive, saying that "Massachusetts would like to do even more business" in electricity purchases. A few problems were mentioned, however, namely the concern of U.S. organized labour that the doubling or trebling of Canadian electrical imports would mean a loss of jobs in the older oil-fired labour-intensive plants. There was also opposition from some coal producers. However the New England economy was growing, this delegate said, and as long as Canadian sources can maintain 'market sensitive' prices for electricity exports "we can work together".

Asked by a Canadian delegate whether there could be United States assistance in the capital funding of very costly Canadian hydro-electrical projects, the U.S. participants expressed doubt as to whether this would be possible. It would be politically very difficult because of the vast amount of capital tied up in unfinished nuclear plants in the United States. There were already many bills in Congress dealing with this controversial issue which had become more acute recently. While the U.S. side recognized the problems for Canada in

raising the capital for such huge projects, none of the participants judged it would be feasible to ask U.S. consumers to carry these capital financing costs in their utility bills.

Exports of Canadian uranium

A Canadian delegate briefly outlined Canada's concerns related to access to the U.S. market for Canadian uranium exports. In 1983 uranium imports into the United States had been well below the level of 37.5 per cent of the total U.S. domestic uranium. This was the level of imports that, by law, could trigger a U.S. trade investigation and possible trade restrictions. With shutdowns in the U.S. uranium industry, imports this year could be taking a higher percentage of the U.S. domestic market and could be judged as injurious to the domestic industry. Secondly, this participant pointed out that Canada's existing policy required that all uranium exports be in the most advanced processed state possible (i.e., uranium hexafluoride). However U.S. interests had been demanding exceptions to this policy as a condition or market access, a situation that created a serious problem for Canadian refiners who were already working at one-third their capacity. Canada had very high reserves from the Elliot Lake facility and Saskatchewan was opening new mines. The outlook was depressed at least until 1990. This delegate urged the United States to impose as few restrictions as possible on its imports of Canadian uranium.

The American side commented that the attempt in Congress to renew quotas on imports of uranium had been rejected. A Canadian delegate observed that there appeared to have been considerable over-construction in nuclear electricity.

II. Defence

The subject of President Reagan's Strategic Defence Initiative (SDI) almost completely monopolized the discussion time on defence issues. On the U.S. side there were some strong advocates and a conviction that the research phase of SDI was going to go forward. Some uneasiness was expressed over funding and as to the effect of SDI on the ABM Treaty and on SALT II. The views of the Canadian side were more mixed with several delegates expressing the opinion that SDI might be considered more an offensive than a deterrent system and that it might be seen as a destabilizing element in arms negotiations. Discussions on the arms control negotiations underlined the critical role being played by the negotiators at Geneva.

The Strategic Defence Initiative (SDI)

The Canadian side began the discussion on SDI. The first participant pointed out that the Canadian government had not yet decided whether to accept the U.S. invitation to become involved in SDI and had promised public hearings on the question. He himself had strong reservations and there was considerable public apprehension in Canada, he said. First, the initiative was likely to have a destabilizing effect leading to another arms race. Secondly SDI could be interpreted as a change from a deterrent to an offensive policy. Specifically it would be likely to result in a deterioration of the ABM treaty. Even research and development was difficult to do under ABM, this delegate noted. Previously Canada has lived under the U.S. nuclear umbrella, a situation which allowed it to avoid making decisions. SDI brought Canada right into the front line, since a shield system which screened out space missiles would also require an atmospheric shield against air-breathing weapons. This meant an interceptor response system with all that involved. Canada would be involved automatically. Therefore a U.S. shift of policy from deterrence to offence had major implications for Canada. Finally, there were strong economic arguments both for and against Canadian involvement including "lost opportunity costs".

A second Canadian delegate agreed that the SDI program would affect the ABM treaty in that alleged violations would become very contentious. She herself considered the SDI to be a militarization of outer space. The Canadian decision to participate should not be based on the economic spinoffs. She noted that the Canadian Parliament had not debated the subject, nor had any Canadian Minister questioned the proposal as had Sir Geoffrey Howe of the United Kingdom.

A third Canadian participant commented that the Canadian Prime Minister had not been enthusiastic about SDI. He wondered if the Canadian public did not have a hyprocritical attitude to defence as they have been able to enjoy the protection of the U.S. nuclear umbrella.

A U.S. Senator, Chairman of the Senate Defence Appropriations Committee, spoke strongly in favour of SDI and called himself "a foremost SDI defender". SDI was not new, he maintained. It had been an ongoing program since the 1960s and its scope had only become publicly known quite recently. Two years ago the United States launched a missile which intercepted another missile. For its part, the Soviet Union had a functioning low orbit anti-satellite system and it had deployed 600 SS-18s recently. The USSR was building strategic missiles "with utter abandon". The United States needed a non-nuclear response to these strategic missiles and SDI was more sensible than building MX missiles.

He noted his pessimism and concern over what he termed "the audacity" of the new type of Soviet leadership personified by Gorbachev. The SDI was the one thing that would keep the USSR leadership at the arms control negotiating table and that was the only way to achieve an agreement. Questioning and doubts of the allies could undermine this positive effect, this spokesman said. In Congress there was bipartisan support for the program although some disagreement had emerged over funding. It was important that the USSR believed funds would be made available. The USSR knew the United States would not fail if it dedicated itself to this project. "SDI is the biggest bargaining chip in the history of arms control."

This delegate denied that SDI was a destabilizing element. After all SDI was non-nuclear he said. "Is it destabilizing *not* to explode nuclear weapons?" He found it difficult to understand the U.K. and Canadian doubts. The U.S. defence umbrella was leaking and the Minuteman was old. SDI was designed to counter weapons and it was not offensive. Funding

had not yet been settled in Congress but $3.2 billion was the level agreed on in the House appropriation bill 'mark-up'. Over the years it could cost $25 billion but the United States would have an effective defence system against SS-18s.

The U.S. delegate from the House Foreign Affairs Committee commented that the Administration and the President personally were very committed to SDI. In the House there was cautious approval of the research program. However there were questions such as was an 80 per cent shield enough when a 20 per cent rate of penetration would have horrifying results? Out of a $300 billion defence budget the cost of SDI research could be absorbed, but the cost of deployment, which would be in the trillions, was not feasible. Among the House Democrats there was concern about SDI's destabilizing effect and what impact it would have on the arms control negotiations. However, there was some hope that it could be the first item of agreement at Geneva and could be the cornerstone of a new treaty.

A Canadian Senator deplored the popular term "Star Wars" to describe the SDI program. He noted that Sir Geoffrey Howe had cautioned that the United States should not go beyond research without gaining the approval of the allies first. He observed that only the research aspect was at present being considered and there was no certainty that it would succeed in resolving some enormous difficulties. In addition, since only an 80 per cent success rate was envisioned, space battles would not leave the earth unscathed. Nevertheless, this delegate maintained that SDI research should go ahead. Man can never turn his back on an opportunity to pursue knowledge, he said. Canada should participate in the research phase not only for the technological spin-off but also because it would like to participate in future decision-making.

The Chairman of the U.S. House Committee on Foreign Affairs stated that the House had supported SDI funding but not as large an amount as the President's initial request. Nor should there be any testing since this would violate the ABM Treaty. A State Department definition was attempting to get around this problem but this spokesman considered this an unwise move. Moreover he found very worrying the comments by officials about "scrapping SALT II" and "dumping the ABM". It was difficult to get a clear version of what SDI was and what it would accomplish, this participant said, but the research phase was clearly "locked in". Both the United States and the USSR were already doing the research, the President had just put it on the table. Another U.S. member of the House Foreign Affairs Committee said that he doubted there would even be 40 votes in Congress againts SDI. The United States was definitely going ahead. What was Canada going to do, he queried?

The first Canadian spokeman commented that he did not see why Canada needed to be in lock-step with the United States. He asked why President Reagan needed the allies' involvement. He thought the request could be counterproductive for the bilateral relationship with Canada. Moreover, it could be important for the United States to have an ally for 'conflict resolution', i.e., in NATO, but if Canada became involved in SDI, such a role would be limited. The United States had clearly shifted its policy away from a basic reliance on MAD (Mutual Assured Destruction). As for SDI being the 'biggest bargaining chip', this delegate said MIRV, the hydrogen bomb and other weapons had all, in their time, been touted as a solution to the problem. The USSR was not going to sit idly by. Therefore, SDI was not a panacea and it was not in Canada's interest. The United States should "go it alone". If the United States continued to demand allies' involvement, it could create an anti-Americanism. In response, a U.S. Congressman, who said he had supported SDI in the House vote, commented that if the President had failed to offer SDI participation to the allies he would also have been criticized for that.

Another Canadian agreed the President had to consult the allies but she would like to see the consultation process go even further and include the USSR. Earlier President Reagan had suggested that research on ballistic missiles be shared with the Soviet Union but Mr. Mondale "had shot the idea down". She reiterated the concern of the Canadian public that the SDI reflected a "fighting mentality" based on the assumption of a nuclear exchange rather than a continuation of a deterrence policy.

Some doubt was expressed by a third Canadian member that widespread public concern existed in Canada on this issue. However, he considered that the Canadian government would undoubtedly agree to participate in SDI for a number of reasons: without participating, Canada would drop behind in technological capabilities associated with SDI research; there could be employment spin-offs associated with participation; the government's policy was to increase the Canadian defence commitment; and the government wanted to build a closer relationship with the United States.

In the opinion of another delegate, Canadian participation in SDI should not be based on the expectation of increased technological capabilities or employment. In any case this participant had been informed that only about 400 Canadian jobs could be involved. He asked the U.S. side whether the "bargaining chip at the arms negotiation table" argument was the principal reason for supporting SDI.

The U.S. Senator replied that this was only one argument and not the main one. In his opinion, SDI was the beginning of an important new era of defence, just as the anti-ballistic missile had been. While it was true the USSR at present had superior space shuttle capabilities, their research was compartimentalized and they were not modernizing as quickly as the United States. If an SDI system were successful in stopping the use of strategic missiles, the next steps could involve theatre weapons, then conventional weapons.

Arms Control Negotiations

A U.S. Congressman began the exchange on this topic by noting what a welcome development the recommencement of the Geneva negotiations were despite the fact the two sides

were very far apart, even on the subject of the types of weapons. Proposals were being made at present which were inferior to those agreed to at the SALT II negotiations. In 1982 the USSR had halted deployment of medium range missiles, a move criticized as an attempt to solidify a Soviet advantage, but in 1983 when the United States began deploying Pershing and cruise missiles, the Russians resumed deployment of SS-20 missiles. This participant was not optimistic about progress and noted that both sides were advancing with ASAT (anti-satellite) weapons programs that were mutually threatening. At Geneva, the United States was pressing for a cessation of testing of ASATs by either side. Allegations have been made of violations of past arms control agreements, an important one being the Soviet construction of an early-warning radar system at Krasnoyarsk which was probably contravening or eroding the ABM Treaty. Agreement on verification procedures for both strategic and intermediate range weapons has been impossible.

The agenda for arms control negotiations has become enormous, continued this Congressman, and the subject was a most important issue in Congressional committees. As long as the Administration was serious about the negotiations, there would continue to be bipartisan support in Congress even though there was some disagreement on details and the MX missile vote had been close. There was a sense in Congress, this delegate concluded, that at present the Geneva negotiators have the most important job in the world.

In response to a Canadian inquiry as to whether SDI was already on the Geneva negotiating table, the U.S. Senator indicated the Russians were saying "We'll talk INF when we settle SDI". President Reagan has stated that SDI research was not negotiable. The United States, he continued, wanted INF, START and SDI negotiations to go on simultaneously. In his opinion, the two most serious problems currently were: first, the USSR Krasnoyarsk radar installation which is clearly not a peripheral radar system allowable under the ABM Treaty and had an offensive as well as a defensive connotation. Secondly, the problem of encryption, the encoding of telemetric signals from missile tests. The United States had undertaken not to encrypt missile data but the USSR has a "totally hard" encrpytion system in place, making verification of its tests extremely difficult. What was needed from the Soviet Union now was a confidence-building measure.

Two U.S. House and Senate delegates described at some length the atmosphere, the personalities and the process at the Geneva negotiations. While in Geneva as Congressional delegates, they had been able to sit in with the U.S. negotiators at the pre-briefing and at the de-briefing sessions. Both sides clearly planned every word they were going to say at the meeting. After the formal negotiating sessions, there was invariably a reception where encounters with the Russians were as important as at the formal sessions. Subsequently the U.S. side analyzed minutely every phrase and reaction of the Russians. Both Kampelman and Tower, the two U.S. negotiators, were judged to be extremely capable.

The U.S. Senator then elaborated on an earlier remark he had made concerning the Russian leadership. Mr. Gorbachev, he said, was a very capable but tricky leader, able to manipulate the western press, an able salesman with the mind of Stalin. "Tough, aggressive and audacious" were adjectives he used in describing him, and he said other prominent Congressional figures held a similar view. Nevertheless, he thought that dealing with this tough Soviet leadership could open the way to arms control. The USSR wanted to buy large U.S. construction equipment, yet their economy was slipping and they had severe agricultural problems as well as increasing military costs. The leadership undoubtedly wanted peace through arms control, he said. All the U.S. negotiators thought it was possible to succeed in the negotiations.

Another Congressman, Chairman of an Intelligence Subcommittee in the House, observed that Gorbachev's first priority was consolidation of his personal power which depended on the appointment of his own personnel in key positions. It would be evident by the January plenary whether or not he had gained full control. His second priority was the economy where he might follow the Andropov line of reform. It would only be possible to judge the effect in a couple of years after the marginal economic reforms, which Gorbachev was most likely to make, would almost inevitably be seen not to be working. At that point he would have to challenge the bureaucracy of the Party itself. In arms control, which was his third priority, he was so far following the Party position which was the result of a collective judgment, and he was moving cautiously. He was not yet in a position to challenge these positions. It was still a collective leadership. But it should be noted that Gorbachev had not replaced a defence figure on the Politbureau. Another U.S. delegate commented that his policy on Afghanistan might give some clues as to what the USSR would do on arms control.

Norad

This agenda item was discussed only very briefly. The Canadian side referred to the recently concluded bilateral agreement on the modernization of the North Warning System. NORAD itself was coming up for renewal and there was some feeling that it should be a short-term agreement rather than for the long term, a delegate said.

A Canadian delegate mentioned the unsatisfactory situation revealed by an article in the *New York Times* concerning deployment of aircraft with nuclear weapons in Canada. The Canadian military did not appear to have the same information as the U.S. military. There was clearly a lack of effective communication and lines of command.

Functioning of the bilateral defence production sharing arrangement

This subject was raised in Plenary Committee by a Canadian delegate who referred to the historical basis for bilateral co-operation in defence production and urged a fresh look at how this system could be improved. Canada was increasing its defence spending and would be re-equipping.

However, a number of Canadian defence industries had gone downhill—although not in aerospace— and there was a significant trade imbalance with the United States in this area. This spokesman noted several impediments to improving the picture for Canadian defence and related industries. First, the U.S. small business set-asides were precisely the kinds of contracts which Canada's relatively smaller industries could successfully secure or fill. Secondly, the current policy of negotiating "offset" production in Canada on large scale purchases from the United States such as the CF-18s, while popular with politicians, had resulted in the Canadian industry becoming merely "pattern producers". Canada needed a stronger base in this sector, he concluded, and urged improved access for the Canadian defence industry.

The Food Crisis in Africa

This subject was dealt with in joint session with Committee III and a digest of the points raised will be found at the end of Committee III's summary below.

COMMITTEE III—FISHERIES, ENVIRONMENT AND MULTILATERAL ISSUES

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III. Multilateral Issues: The African Famine

Introductory Remarks

The Canadian co-chairman of Committee III, welcomed the U.S. delegates to the 26th Meeting of the Canada-United States Inter-Parliamentary Group. He remarked that very little that Canada or the United States did was without some impact on the other country. He suggested that the Inter-Parliamentary Group had made a significant contribution to cooperation between the two countries because its delegates aimed their discussions at finding the common ground.

The American co-chairman of Committee III echoed the view that the Canada-U.S. Group had influenced policy in the two countries. He said that, as a result of these discussions, there had been progress on issues in both the Executive Branch and Congress. "The record of conversation, not conflict, between our two countries is unparalleled anywhere in the world."

The American co-chairman then briefly reviewed some of the major issues discussed by the Group over the years. Great Lakes pollution control programs went back some thirty years and some $10 billion had been expended on them. Considerable progress had been made in the control of nitrates and phosphates and the fishery had made a comeback on the upper lakes. The lamprey eel control program, he suggested, had been one of the great success stories of bilateral co-operation, resulting in a dramatic return of the white fish and lake trout. He warned, however, that there remained "danger signals" in Great Lakes water quality, particularly as the result of toxic wastes. A second area of progress in Canada-U.S. relations was west coast fisheries management. The Congressman suggested that the salmon treaty represented enormous progress considering the bitterness this issue had generated between Canada and the U.S.A. Following the agreement, the main concern on both coasts had now shifted to the high seas interception of salmon. With these introductory remarks the co-chairmen called the first item on the agenda.

I. Fisheries and Border Issues

East Coast Fishery

The American co-chairman, reported that there was intense concern among the U.S east coast fishing communities about high seas interception of salmon. He reported U.S. estimates that as many as one-half of North Atlantic salmon were being intercepted. He warned that there was bound to be a confrontation over this because U.S. fishermen had built large hatcheries and made major investments. American fishermen believed Canada was not doing enough to solve the problem. He went on to say that there was also American concern about Canada's having acquired a larger share of the take from the Georges Bank and inquired about what Canada was doing with the Gulf of Maine Commission.

The Canadian co-chairman replied that the two countries had an interest in developing a common approach to the east coast fishery. He said that, contrary to the impression of U.S. fishermen, Canada was taking the management of this fishery very seriously and had imposed very strict fishing quotas. It was the Canadian feeling that the U.S. method of control, through local commissions, was of questionable effectiveness. "Local commissions tend to pursue short-sighted, local interests". On the matter of salmon interception, the Canadian delegate made two points: *first*, that the take off Greenland was limited but it was a high limit based on what was caught last year; *second*, that there were serious doubts about the effectiveness of Canadian observers on the foreign fleets. "There are suspicions that some observers don't observe too much." Notwithstanding these problems, he said that drastic controls had been put on the salmon take by Canadian fishermen; for example, some 200 licences had been cancelled. "We have no commercial salmon fishery in the Maritimes at the present time." He further remarked that sports fishermen were limited to taking the "grilse" or immature salmon which

experience had shown never developed into full, mature salmon. There was also a program to build more hatcheries. He concluded his remarks by saying that if the two countries co-operated in planning their catch it could be expanded substantially in the next 10 to 15 years but, if they did not, there would be major problems with all species.

The U.S. co-chairman said that he appreciated receiving new information on Canadian efforts to manage the fishery. He said that the U.S., like Canada, now had no east coast commercial salmon fishery but was very concerned about high seas interception. There were persistent allegations by U.S. fishermen of a large Russian take but no evidence. The Canadian co-chairman said that while he had no proof either, he was convinced that the Russians were taking substantial numbers of salmon because of two serious weaknesses in salmon interception control: *first*, the observers did not observe everything on factory ships and *second*, there was no supervision beyond 200 miles even though Canada's continental shelf extends well beyond that limit. "It was a serious mistake not to have retained the entire shelf in the Law of the Sea". He recommended that Canada and the U.S. co-operate in pushing for international supervision beyond 200 miles.

West Coast Fishery

The discussion was begun by a Senator from Alaska who described the magnitude of high seas catch of salmon. There were now 19 countries with high-water fleets which took some 3 billion pounds of fish a year. "They catch more halibut incidentally than we do intentionally. They are vacuum cleaning the whole area of the North Pacific." The largest of the fleets—the Japanese—can take a whole salmon run at one time though he noted that the Japanese had recently shown some interest in limiting the take because Taiwan had "gotten into the act in a big way". He suggested that the Japanese might offer a cutback in salmon take in return for a "more understanding" policy on whaling. He went on to say that the Russians were also very disturbed by high seas interception of salmon and wanted international talks on the matter.

A Canadian M.P. from British Columbia assured the U.S. delegates that Canada strongly supported controls on high-seas interception of salmon. Turning to the salmon treaty, he suggested that it boded well for the west coast fishery. "The principle that the country which promotes enhancement benefits from it should greatly strengthen enhancement efforts." He reported that Canada had strict quotas on *chinook* and that, as a result, five years from now there should be far more fish. He then asked whether sports fishing, which played a large part in the B.C. fishery, was of major importance in Alaska.

The U.S. Senator replied that commercial fishing was "a major Alaskan industry" and far more important than sports fishing. He added that there were some hand trawlers in southwest Alaska taking daily catch and many Indians exporting to Seattle. He went on to say that the U.S. was generally satisfied with the salmon treaty and convinced that it would increase enhancement. The one remaining problem on the U.S. side was a jurisdictional dispute between fisheries officials and the U.S. Parks Service which had denied access to streams for enhancement programs. He concluded his remarks by suggesting that Canada and the United States should explore the possibility of transplanting some Alaskan salmon to the East Coast because Alaska had achieved excellent results with the direct implanting of fish rather than the building of hatcheries.

Fishing Issues Between Ontario and Minnesota

A Congressman from Minnesota opened the discussion by describing the "tremendous frustration" felt by Minnesota and particularly its tourist industry at the actions of the Ontario Government. It had reached the point, he said, where the issue had been raised by the Secretary of State and the President at the recent Quebec City Summit. He warned: "There are storm clouds on the horizon and rain is about to fall". The Congressman went on to say that Minnesota is convinced that destruction of its sports fishing industry is the purpose behind the various actions of the Ontario Government. "Everything is being done in pursuit of that policy. We are afraid that Ontario wants a tourist desert on the U.S. side of the border." He reported that there had been a meeting in Washington to discuss these matters and that the U.S. side wanted another meeting, but warned that the $3.00 daily user fee—which applied only to U.S. fishermen and was therefore obviously not a conservation measure—made it impossible to sit down and discuss things rationally. He then remarked: "I've worked hard for Canada on other issues, for example, Buy America legislation. I am now calling in some chips." He said that he had proposed a Border Commission which would serve as a permanent forum for the discussion and resolution of conflicts in the border waters of Minnesota-Ontario.

Another Congressman from Minnesota fully supported these remarks and specifically repeated the point that his colleague and he had been friends of Canada over the years, most recently in resisting a Buy America campaign on cement products. The first U.S. spokesman resumed his remarks by saying that Minnesota had also proved its concern for the fishing stock by buying out its commercial fishing and by taking a number of other steps to protect the fishery. He added that conservation and enhancement efforts had to be done cooperatively with Ontario but that current hard times and hard feelings made that impossible.

A Canadian Member of Parliament from northern Ontario said that the Congressman was right: Ontario policy was motivated by a desire to benefit the tourist industry and, specifically, the outfitters. He went on to say that the proposal for a border commission "makes a lot of sense" because it would enable the two sides to deal on an ongoing basis with issues as they arose. He warned, however, that the results of the recent Ontario election made it unlikely that any government would risk offending people in Northern Ontario. He reported that Minnesota and Canadian outfitters were beginning to talk to each other about a joint package to increase the tourist pie rather than fighting over shares. The U.S. side said that such an approach was precisely what was needed. He pointed out

that Minnesota outfitters bought significant amounts of equipment in Ontario, one illustration of mutual interest. He added that the controversy between Ontario and Minnesota was causing U.S. fishermen to avoid the entire area. "We are both losing."

The discussion then turned to the question of whether the issue might be referred to the International Joint Commission. The Canadian M.P. from northern Ontario suggested that the IJC might be the appropriate body because both sides claimed violations of the Boundary Waters Treaty. This view was endorsed by a number of other Canadian and U.S. delegates but questioned quite pointedly by others. A Canadian Senator from Ontario argued that the dispute was a regional and a local issue, not a national one, and therefore the two parties on the scene would have to solve it. A Congressman strongly doubted that the IJC would want to have anything to do with the issue. The Canadian co- chairman of Committee III closed the discussion by assuring the American delegates that, whatever approach was taken, they had strong support for their concerns from the Canada-U.S. Group.

White Pass and Yukon Railroad

A Senator from Alaska described this issue as a very difficult one. The railroad had tremendous historic interest because it ran along the beautiful 'trail of 98', but had gradually lost its economic base of carrying ore to Skagway and was finally closed. The Senator had proposed that Alaska subsidize the railroad but the closing of the Cyprus-Anvil mine caused Alaska to back away from any such proposal. It was now being proposed to use the Carcross-Skagway highway to carry the ore, if and when the mine reopens, but the tourist industry was strongly opposed. The Senator argued that with heavy traffic the road would have to be rebuilt every year, making the railroad "cost effective in the long run." He conceded that the future of the railroad hinged on the future of the mine though subsidized transport would help make the mine viable. A Canadian M.P. from British Columbia said there was little chance of discussing the transportation issue until the mine reopened. He pointed out that it was a high cost mine faced with a very competitive world market. The U.S. Senator acknowledged that "we have a hell of a lot of lead and zinc" and that the prospects for reopening the railroad were not all that bright.

The Raising from Lake Ontario of U.S. Naval Vessels

A Congressman from New York said that he had been responsible for putting this matter on the agenda. It concerned two U.S. ships sunk in Canadian waters during "the recent conflict between Britain and the U.S." (The War of 1812). He informed delegates that the vessels were in good shape and that in 1979 the custody and title of the vessels had been transferred to the Royal Ontario Museum with provision that any bodies recovered would be returned to the U.S. The Congressman explained that the U.S. side "wants in the worst way" to raise the vessels and to display one of them. He said that the U.S. was willing to raise the vessels, cover the costs and give one of them to Canada but that Ontario had refused on the grounds that the vessels belonged to the province. He concluded his brief remarks by thanking delegates for this opportunity to bring the matter to their attention.

II. Environment Issues

The Garrison Diversion

A Canadian Senator from Manitoba opened the discussion by saying the two countries had "come a long, long way" in resolving the Garrison issue and that discussions in the Canada-U.S. Group had been very helpful. A Congressman from Minnesota agreed and said that, while he was a supporter of Garrison, he was satisfied with the recommendations of the Garrison Commission which had been established in July 1984. He remarked that Senator Andrews of North Dakota had asked for the Commission in the knowledge that, without some kind of compromise, the project would have died in Congress. The Democratic Congressman from Minnesota agreed that establishment of the Commission was a good compromise and that the Commission's recommendations had guaranteed that the entire project would be kept on the U.S. side. He said that both Canadian and American environmental groups had been satisfied with this approach. The Canadian Senator who had opened the discussion now closed it by saying that apart from an update at next year's meeting, delegates might look forward to Garrison being dropped from the Canada-U.S. agenda.

The Flathead River

A U.S. participant remarked that the Flathead issue was "the flipside of Garrison". The U.S. was concerned that a proposed British Columbia coal mine development on Cabin Creek near its confluence with the Flathead River would have harmful effects on the air and water quality of Glacier National Park and inhibit the migration of wildlife. He noted that in February, Canada and the U.S. had jointly referred the matter to the IJC and that as long as it was being studied "we don't need to do more here". He said that the IJC report might be issued before the next Canada-U.S. Group meeting.

A Canadian M.P. from British Columbia assured the U.S. delegates that Canada would maintain normal water standards but expressed the hope that the U.S. would not insist on such high water quality standards as to make economic development impossible. An American delegate interjected that the Canadian argument was a lot like the one used by the Dakotas to justify the Garrison project. A Canadian M.P. acknowledged the point, but said that if both countries insisted on pristine standards there would be no development anywhere on boundary waters. He suggested that it was necessary to come up with "tolerant" water standards. The U.S. co-chairman of Committee III warned that environmentalists would be adamantly opposed to any deterioration of water standards on the Flathead. He then drew the discussion to a close by saying he was confident the IJC would help resolve this issue.

Consumption and Diversion Uses of Water

The U.S. co-chairman of Committee III began the discussion of this issue by saying the problem of consumptive uses of Great Lakes water was not now a serious problem but that it would become more acute as population grew. He pointed out that the aquifers and water tables of North America, particularly in the southwestern United States, were continuing to drop and that, as a result, the demand for water diversion schemes would grow. The Great Lakes, he said, were a great attraction because they contained roughly 20 per cent of the world's fresh water. "We must manage this resource very carefully." A Canadian M.P. from northern Ontario agreed that the pressures in the short term were not severe and that it was possible to argue successfully against diversions but he felt the day might come when we would have to consider diversions. "We may not be able to say no forever." He then asked what reception Robert Bourassa's proposals for hydro sales and water diversion received during Bourassa's recent trip to Washington. The American co-chairman informed Canadian delegates that Mr. Bourassa had met with a group of Congressmen but that they had discussed only electricity sales and not water diversion. The Congressman's own view was that there should continue to be a strong presumption against diversions.

Toxic Wastes

The discussion began with a brief exchange on the subject of PCBs. A U.S. delegate observed that the United States was having a terrible problem with PCBs, in part because organized crime had entered the picture. He reported, for example, that the mob was mixing PCBs with oil and selling the product as low price fuel oil. Another example of utterly careless disposal had been the practise of power companies giving PCB saturated materials to counties for dust control on gravel roads. These and other examples merely illustrated how important it was that legal and effective means of disposal be found. A Canadian Senator said that Canadian controls were every bit as slack as those in the U.S., witness the recent PCB spill on the Trans Canada highway in northern Ontario. There then followed a brief discussion of some recent advances in "mobile" disposal technology, such as PCB factory trucks and mobile burn units. By moving from place to place, this method of disposal avoided much of the violent public opposition to the location of dumps in particular communities.

The discussion had just turned to the problem of toxic wastes along the Niagara River when it was suggested that instead of just talking about the problem delegates should go and see the toxic dump sites, including Love Canal, just a few miles away. This suggestion was enthusiastically supported by all delegates and a visit to a number of sites in Niagara Falls, New York was quickly arranged by the Congressman for the district, John LaFalce.

The three hour trip began with Congressman LaFalce explaining the history of the Love Canal issue. In 1977 residents in the area began to complain of smells in their basements and dying plants in their backyards. The Environmental Protection Agency and the New York Department of Environmental Conservation commenced investigations but at that time there was little media interest and no legal framework or money to deal with the problem. By 1978, however, the magnitude of the problem was beginning to be recognized and a "health emergency" was declared. In December 1980, the first cleanup "superfund" was established by Congress despite some strident opposition that Love Canal was not a federal responsibility. During the next year the U.S. Government first recommended that pregnant women and children move out of the area and, following a public uproar, decided to buy out anyone who wished to move. To this day there are major law-suits claiming that health and other damages have been suffered over the years by residents of the area. The great problem remains—What to do with the toxic wastes?.

The first stop on the tour was at the Love Canal office of the New York State Department of Environmental Conservation where the group was joined by Mr. Peter Buechi, an engineer with the Department. He described the Love Canal toxic dump site as containing some 21,000 tons of waste from Hooker Chemical Company operations in the 1930s and 40s. The site had been shut down in the early 1950s and subsequently purchased by the city of Niagara Falls. Despite warnings by Hooker Chemical, the City allowed schools and houses to be built immediately next to the dump.

The dump site itself was completely unremarkable; a 16 acre grassy plain surrounded by chain-link fencing. The remedial measures taken to seal the dump—expanding a clay cap, installing a leaching collection basin around the perimeter of the site and the cleaning of adjacent sewer systems—were all invisible to the eye. What delegates did see were nearby neighbourhoods—about 1000 homes, as well as schools, churches and businesses—largely deserted. The tour bus slowly made its way through modest, middle-class streets, lined with shade trees, on which there were no people, no children playing. Perhaps strangest of all was the occasional occupied house which the people had chosen not to leave. The entire scene was empty and dismal.

The next step on the tour was "S" site, an 8 acre toxic waste site immediately next to the Niagara Falls, New York Water Treatment Plant. Congressman LaFalce remarked that this site was more worrying than any other and intense debate raged about remedial measures. It was his own view that while removal and destruction of material was the ideal solution, there were circumstances in which it was just not practical. In the case of "S" site there was so much, highly dangerous material that attempts to excavate and transport it might be very hazardous. The only solution in such cases, he suggested, was to contain the problem on site. He added that recent court decisions had supported on-site treatment over the objections of U.S. environmentalists and the government of Ontario. In his opinion Ontario was weakening its credibility by insisting on nothing less than excavation and incineration. He hastened

to add, however, that Canadian concerns had generally been very positive and had greatly strengthened the position of Americans fighting for remedial action.

The next stop was at the Water Treatment Plant, one of eight in the U.S. using granular carbon to remove toxic chemicals. The history of the plant had been very rocky: the first units had failed quickly and only after extensive redesign and repair was the plant coming back into operation. The Plant Manager, whose fortunes had also fluctuated, reported that Canada had been "up in arms" about the delays in plant operation because it was the largest toxic producer on the Niagara River. "Canada wants the plant to work better and faster." He went on to say that, though serious problems remained, there had been tremendous progress in water treatment in the past 15 years. He could recall a time when toxic fumes were so concentrated in the old water treatment plants that employees had to be evacuated periodically.

The final stop on the tour was at the Niagara River gorge to examine several places in the rockface from which toxic-laced water seeped down into the Niagara River. Delegates were immediately struck by the sight and smell of slimy water running from the limestone cliffs. Mr. Buecki said that the porous nature of the limestone in the area made the danger of leakage especially acute. This, in turn, explained Canadian concerns about continued pollution of the river and lack of confidence about present remedial measures.

Prior to resuming the Committee III agenda on Saturday morning, delegates briefly exchanged impressions of the toxic waste tour. A Canadian M.P. said that it had been the sight of a thousand homes boarded up that most impressed him and made him realize that "our American neighbours are concerned". The Democratic Congressmen from Minnisota reminded Canadian delegates that they had seen only "the tip of the toxic waste iceberg" in the U.S. He said that there were hundreds of sites across the country being fed by a flood of chemicals that came onto the market each year. It was for this reason that the Superfund had been created in 1980, with funds collected from the 600 main producers of toxic wastes in the U.S. Consideration was now being given to increasing fees so that more of the dangerous sites could be contained. A Canadian M.P. from British Columbia said that he and other delegates had been impressed by some of the U.S. efforts but disturbed by the fact that the least monitering and clean up was being done at sites right on the Niagara River. An American delegate explained that those sites were privately owned and further legal action would be required to compel clean up. He observed that corrective action was sometimes delayed by lack of agreement on the best means of remedying the problem.

Acid Rain

The discussion of acid rain was begun by a Canadian M.P. who stressed the seriousness of the problem and that Canada was being hard hit by acid rain which originated mainly with sulphur emissions in the United States. He remarked that everytime Canada complained to the U.S. "we are critized for not doing enough in our own country". He said that, while it may have been fair criticism at one time, Canada was now making progress on a number of fronts; a federal- provincial committment to reduce sulphur emissions by 50 per cent in the next decade, stricter automobile emission standards by 1988, $150 million dollar expenditure on reduced smelter emission, $25 million expenditure on R&D and a plan to make cleaner, more efficient use of coal. He also noted that the Parliamentary Committee on Acid Rain had been re-established. The Member went on to say that these and other steps were necessary because the problem was growing worse. "We are in danger of losing thousands of our lakes and we cannot afford to." He said that he hoped to get this message across to political colleagues in the U.S. because action had to happen in Congress. Finally, he drew to the delegates' attention several aspects of acid rain damage that are generally ignored—damage to the forests, human health and historic buildings. He concluded his statement by remarking: "I know the American people want action. Now its up to you fellows".

A Congressman from Massachusetts responded that acid rain was also a major issue in his state. He said that he generally agreed with what had just been said and expressed the wish that some of his mid-West colleagues had been present to hear the statement. He was pleased that Canada was moving on the issue "because it takes away one of the other guy's arguments". He pointed out that New England was also moving ahead with remedial action though the region was the source of only 12 present of its acid rain. He agreed that the U.S. public was becoming much more aware of the problem and that those adversely affected were willing to pay for cleanup measures. He doubted, however, that the people in the mid-West were willing to bear a large part of the costs. He warned that the problem might actually grow worse as many U.S. electric generating plants were converted from oil to coal.

The Congressman went on to say it was clear that there would be little progress on acid rain until and unless the U.S. had a stringent national program. In this regard he drew particular attention to the Congressional debate over re- authorization of the *Clean Air Act* which had expired last year. He informed Canadian delegates of proposals to include acid rain provisions in a new Clean Air Act, but noted strong opposition from the mid-West. A U.S. Senator joined the discussion at the point. He remarked that his region of the country used low sulphur coal and had installed scrubbers on its power plants. "We feel that we have paid our dues." He went on to say that

cleanup funds should be raised through a mine-head tax on West Virginia coal since it was politicians of that state who had kept high sulphur coal in use.

A Canadian participant observed that acid rain cleanup obviously faced major political obstacles in the U.S., but wanted to know what practical steps might be taken in the next 5 years. The U.S. side answered that in addition to an extended and expanded Clean air Act, which Canada should actively support, the Clean Water Act could also be used to support cleanup activities. A Congressman added that he would advise Mr. Davis, Canada's Acid Rain Envoy, to seek agreement on specific goals for acid rain reduction. He warned that the appointment of the envoys had been supported by the Reagan administration "as a dodge" but said that Canada should press "to make their mandate meaningful". The U.S. co-chairman of Committee III said that he would remind members of an observation made by the Canadian delegate in his opening statement, namely that the people of the U.S. were ahead of the politicians on acid rain. He said that evidence continued to accumulate that acid rain represented a serious threat to the environment and natural resources. Sweden, for example, now reported 10 thousand dead lakes. It was also apparent, however, that economically depressed areas like West Virginia could not pay the full or even the major costs of cleanup. He strongly urged Canada to "keep the pressure on".

There was also a brief discussion of acid rain in the Plenary Session. A Canadian Member of Parliament opened the discussion by saying that acid rain was a far more immediate problem in Canada-U.S. relations than many of the other issues on the agenda. He went on to say that he had seen a tremendous growth in public awareness over the past five years, but that awareness was not enough. Action, and particularly action at the political level, was required. He repeated the account he had given in Committee III of the recent steps taken or planned by Canadian governments and said that the hope in Canada was that the U.S. would now work cooperatively to solve the problem. He concluded by saying that we should all be grateful that there were only two jurisdictions in North America which had to agree on acid rain. The U.S. side responded by saying that he strongly endorsed the preceding remarks. Despite the differences in regional interests and attitudes regarding acid rain, there had to be an overriding awareness that the two countries shared a continent and that the devastation being wrought by acid rain would adversely affect all North Americans. He alluded, as he had in Committee III, to the damage done to Sweden's lakes by acid rain originating in the pollution of the Ruhr Valley. He argued that it was essential for Canada and the U.S. to work together. "We may not all be in the same boat but we are all in the same waters".

III. Multilateral Issues—the African Famine
(In joint session with Committee II)

The discussion of the African famine was begun by a Canadian M.P. who said that the world had been warned about an impending crisis some time ago, but had not responded until the media brought it to the public's attention. The Member went on to discribe the drought and resulting famine as affecting about one-half of Africa. The Canadian response had been three-fold: first, an enormous public outpouring of concern and donations; second, the matching of private contributions by the Canadian government; and, third the appointment of a Canadian Emergency Coordinator/African Famine supported by all 3 political parties. Altogether it was estimated that the Canadian financial response to the immediate crisis was on the order of $100 million. The Canadian delegate went on to say that while a great deal was being spent on the immediate crisis, very little effort was being devoted to the long-term problem. She argued that there was no point in apportioning blame for the crisis because "there is plenty of blame to go around." Instead, the world had to get on with the massive effort of development to guarantee that the crisis would not endlessly repeat itself in the future, "Nothing less than an effort on the scale of the Marshall Plan will do".

A U.S. Congressman responded for the U.S. delegation by describing the African famine as a "global issue". He agreed that the scale of suffering and its coverage by television had focussed attention to an unusual degree, but that the famine was not really a new phenomenon. He pointed out that up to 40 million people a year died of starvation and related illnesses. "Only now are we recognizing the reality of this in Africa." He reported that whereas Ethiopia had been hard hit in the past few years, the most acute problem now appeared to be the Sudan. The Congressman went on to say how pleased he was that both Canada and the U.S. had responded generously in a non-partisan way, a notable accomplishment considering the budgetary problems of both countries. He estimated that the total U.S. contribution had been an extra $1.2 billion, with U.S. direct food aid exceeding donations from the rest of the world combined. He remarked that, regardless of party, the Reagan Administration deserved to be commended for its response. But, like the opening Canadian speaker, the Congressman went on to express deep concern about the long-term problem, "beyond just keeping people alive". He argued that long-term international planning was called for. He cited the work of UNICEF in trying to galvanize public committment over the long haul by arranging for U.S. communities to "adopt" communities in Africa. He noted that officials from the Maryland municipality in which he lived had visited Africa and, on their return, had raised $1/2 million for an area in Rwanda. He concluded his remarks be saying that emergency

assistance had to be continued while long-term solutions were sought.

A Canadian M.P. spoke of how the African famine had touched and mobilized entirely new groups in Canada. Young people, for example, had been aroused by the involvement of rock stars in famine fund raising. He mentioned the exciting initiative of the Steel Workers of Canada to have 1 cent an hour deducted from their pay and contributed to famine relief. "We have to find new ways of solving these problems because we know the methods of the past did not work." A Congressman cautioned that, important as outside support was, it was crucial to have the involvement of the people and governments of Africa. He noted that the root of the problem in Africa was long-term habitat distruction as a result of tremendous population pressures. He warned that unless problems such as deforestation were solved, massive international efforts would be to no avail. A second Congressman added that government policies, in particular Marxist agricultural policies, were a major contributing factor to the African famine.

A Canadian Senator raised a note of scepticism at this point in the discussion. He said that the conversation reflected a "colonial" way of thinking about Africa, as if the western industrialized countries would analyse the problem and impose the solution. He warned that the Marshall Plan was a misleading comparison because while it had enjoyed the strong support of European governments, "African governments cannot agree on the cause of the famine or the solution". He further warned that there might be no development solution for some areas of Africa because the drying up of the region had been going on for hundreds of years. In any case, he concluded, "charity is no answer to poverty". The Canadian M.P. who had opened the discussion denied that there was any suggestion of a charity approach. She pointed to the self-help orientation of African non-governmental organizations and the growing activity and effectiveness of the Organization of African Unity. "I think there is a strong indigenious movement in Africa." A Canadian M.P. agreed that it was essential to get local people involved and pointed to India as an example of what was possible when people, their governments and the international community worked together. "Ten years ago they said India was a basket case. Now it exports food. No one should give up on Africa."

PLENARY

The bilateral trade relationship

The momentum in Canada for a comprehensive trade agreement with the United States has never been stronger, a Canadian Senator stated in beginning this discussion. It was only a decade ago that the Trudeau government had launched the Third Option in an effort to diversify Canadian trade. But before it left office, the former government had issued a report which recognized the priority of the U.S. market for Canada. In a world of large trading blocs, Canada was almost alone among industrialized states in lacking guaranteed access to a large market. With the country having just come through the worst depression since the 1930s, and facing protectionist thrusts on every side, the Trudeau government committed itself to explore the prospects for a series of sectoral free trade arrangements with the United States.

The new government gave increased momentum to this policy thrust, issuing a discussion paper last November which laid out a range of options for the trading relationship with the United States, including sectoral free trade. The Minister of International Trade subsequently undertook extensive cross-country consultations. The first results of these consultations were made public in a speech given in early May in which he rejected the sectoral free trade approach on the grounds that it was impossibly complicated to work out trade-offs acceptable to both sides. He likewise rejected the *status quo* because protectionist pressures in the United States would subject the existing trade arrangements to continuous erosion.

The Mulroney-Reagan trade declaration of March of this year represented another important development. The leaders decided to assign the "highest priority" to reducing bilateral trade barriers and charged their respective trade ministers to report within six months on steps to achieve this goal.

Support for a bilateral free trade agreement was growing steadily. The speaker mentioned as evidence the report of the Canadian Senate Committee on Foreign Affairs, statements made by participants in the government's March economic conference, the joint declaration agreed to by premiers of the four western provinces, and the position taken by both political parties in Quebec. Ontario, with a minority government, was the most cautious province and if there were determined Ontario opposition, this could complicate federal moves. However, there has been considerable evolution of opinion amongst the Ontario business community in favour of bilateral free trade. The polls too showed growing public support.

The importance of the bilateral trade relationship was evident from the figures: a two-way trade in 1984 totalled $113 billion; and Canada was the largest market for U.S. goods, taking 21 per cent of all U.S. exports, of which 85 per cent were manufactured items. This meant twice as many U.S. exports go to Canada as to Japan. Even more U.S. exports go to Ontario alone than to Japan.

Twice before in this century, this spokesman continued, the two countries almost concluded a free trade agreement. Now there was more maturity and self-confidence in Canada, but it would be difficult to sustain support for such an initiative if protectionist measures continued to increase. In conclusion, this delegate stated that Canada supported the GATT mul-

tilateral trade negotiations but the conviction was growing that the GATT was not enough, and that a new bilateral arrangement with the United States was necessary. Many Canadians now felt that Canada could "take the bold steps that economics and geography demand", although in the process a national debate would be opened up going beyond economics to include the question of political independence and sovereignty.

The first U.S. response was made by a senior Congressman, chairman of the Sub-committee on Trade of the House Ways and Means Committee, who drew attention to the constitutional powers which prevailed in the field of trade. Congress had the power to control trade, although for practical purposes it had delegated authority as needed to the President to negotiate specific agreements. At this stage, the only delegated authority which the President had from Congress was to negotiate a two-way trade agreement with Canada. The "fast track system" would allow the President to sign an agreement which Congress had either to accept in its entirety or reject within 60 days.

He expressed the opinion that the United States was genuinely interested in exploring the prospects for a trade agreement with Canada, but he doubted whether it was feasible to do so on a sector-by-sector basis. However, the United States would leave Canada to take the initiative.

The experience of negotiating a free trade arrangement with Israel suggested that it should be possible to do so with Canada and to secure Congressional approval. Israel's barriers in every case—tariffs, quotas and subsidies—were higher and therefore more difficult to resolve. Previous United States' experience with Canada had also been favourable. The auto pact was a model and without it the automobile industry of both countries would have been worse off.

The next Canadian speaker stated that the new government was aware that economic problems such as high unemployment and a rapidly growing deficit had contributed to the change of government. The government was looking to expanded trade to help resolve economic problems, and giving particular attention to trade with the United States. It believed that Canadians wanted a special trading relationship with the United States. What did Americans want, this Canadian delegate asked, when U.S. legislation made no distinction between, for example, Canada and Japan. Timing was critical, since the new government had four years to prove itself, and he wondered whether the United States would respond quickly.

The second American to speak was a Senator from a mid-West farming state who approached the questions just put from the perspective of his constituents. He feared that with depressed conditions on U.S. farms, the timing was bad. Rural communities in particular were suffering: people were out of work and local banks and businesses were failing. The sharp growth of Canadian farm exports such as hogs had upset U.S. producers. As a result, Canada was "caught in a time war" and "the pendulum was swinging in the wrong direction". He expected the mood would change and that free trade with Canada would be acceptable in future, but he thought that that moment was some years away.

The final Canadian speaker, a Senator, said that ultimately a national debate would be precipatated on this issue and he hoped it would be non-partisan. There was a need for public education in Canada, since there was insufficient understanding of different concepts and approaches. To illustrate his point, he noted that agricultural trade had been deliberately excluded from free trade arrangements made by individual non-EC European countries with the European Community. He recommended that agricultural trade should be left out of a North American agreement, since climatic differences were significant and the two countries had quite different marketing arrangements. With agriculture excluded, he suggested that concerns raised by the previous speaker about timing could be set aside.

This delegate drew attention to the fact that *de facto* free trade already existed between the two countries. However, an agreement was needed so as to have a mechanism for dealing with non-tariff barriers and to exempt Canada when it was the innocent victim of measures taken by the United States to protect itself from third countries.

The most important economic benefit of free trade for Canada would be the rationalization of Canadian industry which it would make possible. It was important in both countries that it be well understood that a free trade arrangement did not open the borders to imports from third countries; each country would be free to maintain its existing tariff structure. It was also possible to reach agreement on domestically important exceptions. For example, the United States might want to preserve a system of set asides for minorities, while Canada might wish to maintain a support arrangement for regional development.

In the discussion which followed, a Canadian participant, noting that the meeting was taking place in an old cannery which had been closed down because of food imports, agreed that agricultural trade might best be excluded. Another Canadian noted that there was not yet a common market in Canada. He expressed particular concern about the future of the textile industry and asked what kind of transitional arrangements were envisaged. One of the earlier spokesmen responded that free trade agreements in Europe had been phased in over 10 years and there had been transitional funding arrangements for industries which faced problems. However, the textile industry would not face increased third world imports which would be damaging, and it could be argued that access to the U.S. market could give Canadian textile manu-

facturers a significant opportunity to rationalize and to expand production.

An American participant reminded the meeting that what was being considered was an ongoing process, involving years of consultation and adjustment. It was not just two leaders taking a decision.

Addressing the question of independence, a Quebec delegate observed that during the height of the separatist debate, Quebeckers had nevertheless found it possible to face up to their North American identity. Public opinion polls showed that 72 per cent of Quebeckers favoured free trade with the United States. With regard to the textile industry, which was concentrated in Quebec, he suggested that considerable consolidation had taken place in recent years and the industry was now quite competitive.

The discussion concluded with a recognition that, even without a commitment to free trade, economic forces were leading to increasing interdependence between the two countries. It was generally agreed that discussion of this important question had been stimulating and enlightening.

THE SENATE

Tuesday, October 8, 1985

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

Prayers.

FINANCIAL INSTITUTIONS DEPOSITORS COMPENSATION

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-79

Hon. Lowell Murray, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject-matter of the Bill C-79, intituled: "An Act respecting the provision of compensation to depositors of Canadian Commercial Bank, CCB Mortgage Investment Corporation and Northland Bank in respect of uninsured deposits", in advance of the said Bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

QUESTION PERIOD

[*English*]

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE—ITEMS FOR NEGOTIATION

Hon. Lorna Marsden: Honourable senators may have heard a report on today's 7 a.m. CBC news to the effect that the Minister for International Trade has said that items on the table for negotiation in trade discussions with the United States will be kept secret. I do not ask the Leader of the Government in the Senate to comment on that report. However, I do ask him if the Canadian government will provide us with the list of items or the sectors that are on the table for discussion during the trade negotiations.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am afraid I am unable to give a positive answer to that question at the present time because our negotiating stance has yet to be worked out. I rather doubt, though, that it would be practical for us to disclose our trading hand, as my honourable friend would appear to wish, while negotiations are taking place any more than it would be in any negotiation in which two sides are trying to reach agreement. I rather think it would be counter-productive to do that in advance of the actual negotiations.

I should point out, however, that that does not mean there will not be substantial consultation and, indeed, sharing of information between the federal government and the governments of the provinces. The minister is meeting with the provinces later this month on that very point; and the whole subject will be reviewed again at the federal-provincial conference which is planned for later this fall.

At the same time, talks are going on with all the industries and sectors affected by this.

In due course, our position will be hammered out, but I think we will have to wait until we see how matters develop before I can give a definite answer as to what information will be on the table at what time.

Senator Marsden: As a supplementary question, I point out that the same report indicated that the Americans were taking exactly the opposite position, that is, that they would be declaring what their position was. Would the Leader of the Government in the Senate comment on that?

Senator Roblin: I think the position of the Canadian government, in all particulars, will be on the table, but the point I am making is that I am not at liberty to say at the moment at what stage of the negotiations that will happen.

Senator Marsden: I have an additional supplementary question for clarification.

Is the Leader of the Government telling us that Canadian business people and workers in any given sector may be having their future determined in these trade negotiations without being aware of it?

Senator Roblin: The answer is no.

Hon. Jerahmiel S. Grafstein: I should like to ask a question of the Leader of the Government in the Senate on the same issue—that is, the current trade talks with the United States.

The Right Honourable Joe Clark, Secretary of State for External Affairs, was reported on the weekend to have said in Toronto at a meeting of the Canadian Institute of International Affairs, that an advisory committee on the cultural industries would be assembled in order to advise the government with respect to that aspect of the forthcoming negotiations.

Does this mean that the government has now decided that the cultural industries would, indeed, be put on the negotiating table?

Senator Roblin: I have not seen my colleague's statement, so I am by no means able to verify the accuracy of what he said. However, assuming that my friend has the general thrust of it, I think the position on cultural affairs is well known, that is, that we intend to defend the cultural integrity of this country

in all respects. That, however, does not prohibit us from talking to the people in the industry about these things.

Senator Grafstein: I try to understand the government's position on this, and it seems to me to increase the uncertainty. We are told, on one hand, that the government is protecting the cultural industries and, on the other, that it is not prepared to say that those industries do not constitute one of the exceptions to those open for negotiation. The position taken by the special joint committee on this question was that cultural industries were to be excepted from the trade discussions.

Could the Leader of the Government in the Senate give us further clarification because there is now uncertainty developing in the cultural industries as to whether or not they should mobilize to lobby the government not to deal with this question? Indeed, a tremendous amount of uncertainty is being felt in the cultural industries across the country concerning the government's position. Rather than stimulating Canadians to mount an extensive lobby against the government, would it not be preferable for the government to state clearly at this moment, as most Canadians would agree, that this matter is just not negotiable?

Senator Roblin: I must admit that I do not know what my colleague had in mind when he made the statement that has been attributed to him, but it seems to me that meeting with the cultural industry would be the best way to deal with any question of uncertainty. I think such a course would be a wise one to follow and I would certainly support it.

BANKING

CANADIAN COMMERCIAL BANK—MEMORANDUM OF INTENT—REQUEST FOR ANSWERS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question, again, that is perhaps made even more timely by the fact that we have now passed the motion referring the subject matter of Bill C-79 to the Standing Senate Committee on Banking, Trade and Commerce. It refers to the information I asked for some time ago in preparation for that very event. The timing of that event has now been narrowed to tomorrow evening at 8 o'clock, I believe. I think that time still stands. Again I urge my honourable friend to provide me with at least as much of the documentary information as he can. A good part of my request had to do with certain documents or a statement as to whether something had or had not been done. I encourage him to try to get all of the information but, if he cannot, to get as much of it as he can.

Hon. Duff Roblin (Leader of the Government): My honourable friend has been encouraging me regularly over the last few days and I want to tell him that his efforts are not without fruit, as far as I am concerned, because I have certainly conveyed his views to the minister in charge of this information. I will do the same again, but some time after 8 o'clock Wednesday night my honourable friend will be able to talk directly to the minister concerned, if, by any chance, I do not have what he wants by that time.

Senator Frith: When I do so, I will be able to introduce my request by saying that my colleague, the Leader of the Government in the Senate, has been asking for this information.

Senator Roblin: When my honourable friend speaks to the minister on Wednesday evening, will he be sure to make it clear that my request for information was in response to his request for information? Otherwise, she might get the wrong impression.

Senator Frith: Yes.

FISHERIES AND OCEANS

SALE OF CANNED TUNA UNFIT FOR HUMAN CONSUMPTION—REQUEST FOR ANSWERS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, while I am on the subject of unanswered questions, I notice that my name seldom figures in the list of those senators to whom answers are provided, but I have no personal resentment about that.

Senator Doody: I can't believe it.

Senator Frith: What good does it do? On the subject of unanswered questions, if I may refer to what is rapidly becoming a four-letter word—tuna—I remind the Leader of the Government that I have not received any answers to the questions I have asked. This subject still does seem to be alive—if that is not an inappropriate word to use—and there was some rather basic information I wanted on it. I ask my honourable friend whether he will ask his assistants to answer those questions as soon as possible.

Hon. Duff Roblin (Leader of the Government): Respecting tuna, it is dead but it won't lie down, as they say.

Senator Thériault: It's dead, but does it smell?

Senator Gigantès: Not if it's boiled immediately.

Senator Roblin: I will not follow on in that line of discussion; it would be inappropriate, I think, to do so at this time. I will try to get that information.

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE—ITEMS NOT FOR NEGOTIATION

Hon. Philippe Deane Gigantès: Honourable senators, my question is addressed to the Leader of the Government and it follows upon the question that was put by Senator Marsden. In this morning's radio program "Morningside", as is usual on Tuesdays, Mr. Dalton Camp, Mr. David Barrett and Professor Eric Kierans debated the issue of free trade. Professor Kierans reminded all those who were listening that free trade's intellectual father, Ricardo, said that the benefits of free trade really flow under conditions where all of the partners experience full employment, where there is an international agent of exchange that is not manipulated—i.e., gold—where there is no intervention whatsoever in the economy of any of the partners and where each partner will be ready to divest itself of those

portions of its economy which some other partner might better be able to perform. This is the sort of thing that makes some of us wary about what an unsophisticated free trader is willing to sell or to give away compared with one who is not.

Could we be assured by the government that there is a list of things which we will not sell or give away—a list based on factors more specific than, simply, "sovereignty" or "the interests of Canada"?

• (1410)

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will be quite frank with my honourable friend. I did not listen to the radio this morning because I had other things to do. I also have to say that David Ricardo, undoubtedly a highly respected economist, penned his most famous works about 1820, and it would not surprise me if a thing or two has changed in the great wide world since then. So I am not entirely sure that I should accept from the implication of my honourable friend's question that we should fashion our policy on the theories of Mr. Ricardo. There are other well authenticated economists who have other opinions. As a matter of fact, if you get any group of economists together, you often have the same number of opinions as you have economists. So I will have to allow my honourable friend's question to go over my head.

Senator Gigantès: Honourable senators, I regret that the Leader of the Government would allow my question to go over his head. I wish, while he is about it, he would consider also the economic god of his party, the famous Adam Smith, to whom all Conservatives genuflect. The only thing we know about him is his invisible hand, which we do not see but perceive only when it gives us a shot in the mouth. Will this shot in the mouth result in our losing large segments of our economy to competitors from the United States, who have unused capacity and who, therefore, when our barriers come down completely, can harm large segments of our economy?

Senator Roblin: I shall add my honourable friend's name to the list of distinguished economists whom I shall consult in the course of these negotiations.

AGRICULTURE

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT—REQUEST FOR ANSWER

Hon. Joyce Fairbairn: Honourable senators, I should like to ask the Leader of the Government whether he has any news on the sugar-beet front. Can he tell me whether or not he has learned, through his colleagues, if there has been any decision to make a 1983 crop stabilization payment?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I give my honourable friend good marks for persistence. She does ask me frequently about this point. I am able to tell her today that government policy is in the process of formulation and I expect that it will go before cabinet in the rather near future, in which case I hope to make an announcement to her and others who are interested.

[Senator Gigant]

ECONOMIC DEVELOPMENT

NOVA SCOTIA—CAPE BRETON ADVISORY COMMITTEE REPORT—GOVERNMENT ACTION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to ask the Leader of the Government whether the government has decided on how it will deal with the report of the Cape Breton Advisory Committee. The committee was announced in the budget of May and reported a short time ago. How will the government deal with this report and has it gone before the cabinet? Or is the minister preparing a memorandum? Can the Leader of the Government throw any light on how it will be handled?

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend is right. The report has been received and is now being studied by the various departments concerned. No decision will be reached until that study has been completed. It is proceeding with all diligent speed, but it is not ready at the moment.

Senator MacEachen: Honourable senators, the report points out that the unemployment rate in Cape Breton will probably reach 30 per cent of the labour force in the forthcoming winter, and recommends as an immediate measure to alleviate current unemployment the implementation of a capital works program in the amount of up to $600 million.

The committee states that there are available projects in that amount and recommends that the government take an immediate decision with respect to that particular phase of its report—because it is not long-term, it is short-term—and particularly to replace the 750 jobs that have been lost in Cape Breton as a result of the unjustified closure of the heavy water plant.

Can the Leader of the Government give us any hope that this particular aspect of the recommendation, which is immediate and urgent, will be dealt with as quickly as the sugar-beet matter, which we are told will be before cabinet very shortly?

Senator Roblin: My honourable friend was doing very well until he came to the bit about the "unjustified" closing of this plant. He must know that there is a very great difference of opinion between him and me as to the accuracy of that adjective. With respect to the sugar-beet issue, I have to admit that my honourable friend has been after me on that topic since last June. However, we will probably be able to provide an answer in the case raised by my honourable friend quicker than we have been able to so far with respect to the sugar-beet issue.

Senator MacEachen: I am sure that the Leader of the Government does not intend by his answer to imply that the people of Cape Breton will have to wait for several months for a decision on this matter by the government. Can he give us some indication that a decision will be forthcoming, so that a program of works can be implemented in a timely way in order to meet this very serious unemployment situation? Because of the urgency of this situation, I would really like to know

whether we can expect an early decision, in October or November—which, indeed, would be rather late.

Senator Roblin: Honourable senators, the urgency of the situation is not lost on the government. It is a serious situation. The report includes recommendations for interim measures, and the government is aware of them and is giving consideration to what it can do. However, I do not have a date for my honourable friend to when he may expect further information, but it will come as soon as we can manage it.

INTERNATIONAL TERRORISM

SEIZURE OF ITALIAN CRUISE SHIP—REQUEST FOR INFORMATION

Hon. Peter Bosa: Honourable senators, has the Leader of the Government in the Senate any news concerning an act of piracy that took place in the Mediterranean Sea, where an Italian ship with some 400 tourists aboard was taken over by pirates?

Hon. Duff Roblin (Leader of the Government): I can give my honourable friend the latest information on the subject. According to the record, five Canadians were on the cruise ship at one time. We have been in touch with four of them and we know that they are safe. We think the fifth person is also safe, but we have not been able to contact him as yet.

CUSTOMS TARIFF

BILL TO AMEND—THIRD READING

Hon. William M. Kelly moved the third reading of Bill C-71, to amend the Customs Tariff.

He said: Honourable senators, I would like to make just two comments of clarification in response to Senator Hicks' statement in connection with Bill C-71. He expressed some question about the importance of the provision relating to aluminum drop-centre livestock trailers and at the same time indicated that he had no objection to it. That particular initiative received very strong support from a number of organizations—to mention a few, the Canadian Trucking Association, the Canadian Cattlemen's Association, the Ontario Trucking Association, the Treasurer of the Province of Alberta, and a number of MPs. It has some significance in the industry which it serves.

I will comment further on the concern expressed by the honourable senator over the assignment of responsibility to the Deputy Minister of National Revenue in connection with the imposition and removal of seasonal tariff rates. The concern of the senator, I believe, is based on the fact that while the minister is accountable to Parliament, the suggestion is that the deputy minister is not. I would argue that when the deputy minister is acting in the capacity that follows from this new delegation, his actions would need to be explained by and responsibility for those actions would be taken by the minister who made such a delegation. I think, therefore, that the concern is unfounded.

Motion agreed to and bill read third time and passed.

• (1420)

CRIMINAL CODE

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Nathan Nurgitz moved the second reading of Bill C-77, to amend the Criminal Code (pari-mutuel betting).

He said: Honourable senators, Bill C-77 basically provides a series of amendments to the Criminal Code of Canada and more specifically to section 188 which deals with pari-mutuel betting on horse racing. The bill contains many technical amendments that relate to the pari-mutuel wagering. While I do not want to go into the technical amendments but rather deal with the major thrust of the bill with respect to what it permits that is so different from what we now have, I would like to mention that, in the housekeeping portions of the bill, there are such things as the cleaning up of definitions of associations. I am not certain that under the former legislation it was so very clear just who could or could not operate a race track.

Another provision grants legislative authority for the use of video cameras and video tape as opposed to film, and is introduced by reason of modern technology.

However, the major thrust of the bill is to allow Canadians to bet legally on popular and prestigious races held in foreign countries. In all of the material that I have read, including the statements made by the Minister of Agriculture and the various speeches made by members of all three parties in the House of Commons—where, I should mention, there was agreement—nowhere was it mentioned that Canadians may, in the past, have been betting on these races. However, the purpose of this bill is to indicate that, when this legislation is proclaimed, Canadians may then go to any one of the 100 racetracks which are authorized to accept pari-mutuel betting and place a wager on a whole range of very popular and well advertised foreign races.

Honourable senators, with most bills which come before this house, there is an indication that we will be receiving some regulations in the future. In this instance, the regulation is ready, so we are able to see it.

Without mentioning all of the 50 or 60 horse races this legislation will enable Canadians to bet on, some of the more exotic ones are the Breeders' Cup, the Kentucky Derby, the Preakness and the Belmont Stakes. Those are races that receive widespread media attention.

There is provision, by the way, to add to the list of races included in the regulation. I should also mention that this legislation will cover not only thoroughbred racing but also harness racing. However, it will not cover dog races.

Needless to say, the betting will take place in accordance with Canadian regulations. The profit that will be made from this kind of wagering will remain in Canada and will be to the

benefit of the Canadian horse racing industry. This particular legislation comes about as a result of a request of the industry, which sees this measure as a means of promoting growth in the industry—that is, if people see a great deal of advertising for the Kentucky Derby, then on the particular afternoon that it is run they may go to their local race track and wager not only on the Derby, but also on the races actually taking place at that track. So, in no way is it suggested that this will interfere with live racing.

Going to the race track is a major source of recreation for the Canadian public. Attendance in 1983 amounted to approximately 13.5 million, while if one were to add the attendance figures for professional football, professional hockey and professional baseball in Canada, one would come to barely 10 million people.

Senator Frith: Put pari-mutuel betting in place for those other sports and there will be higher attendance.

Senator Nurgitz: In any event, horse racing is a major source of recreation in this country. The amount wagered in 1983 was in excess of $1.7 billion, which is, by the way, an interesting figure because the total number of dollars spent on lotteries is approximately the same. The interesting feature of the horse racing industry is that 80 per cent of the take goes back to the players, while for lotteries roughly 40 per cent of the take goes back to the ticket purchasers.

Over 84,000 Canadians look to the horse racing industry for some level of income, of which over 42,000 are permanently employed. That is an interesting statistic because there are slightly more people employed in the horse racing industry than there are in the automotive industry. In addition to that, there are 30-odd thousand who are temporarily employed in the industry. Approximately $340 million is spent annually on wages and salaries for persons directly employed in the horse-racing industry, and it is estimated that approximately $200 million is spent annually on feed and supplies. The industry feeds part of the economy of this country.

Senator Frith: And that ain't hay!

Senator Nurgitz: As Senator Frith has said, "And that ain't hay!" On that high note, I will leave this matter and urge honourable senators to support passage of this bill.

On motion of Senator Frith, debate adjourned.

● (1430)

INCOME TAX ACT
TAX COURT OF CANADA ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Nathan Nurgitz moved the second reading of Bill C-72, to amend the statute law relating to income tax and to make a related amendment to the Tax Court of Canada Act.

He said: Honourable senators, Bill C-72 proposes certain amendments to the Income Tax Act and a related amendment to the Tax Court of Canada Act. This bill contains measures proposed in two notices of Ways and Means motions tabled in the House of Commons earlier this year, one relating to the payment of taxes in dispute, tabled on January 30 of this year, and the other dealing with certain technical amendments to the Income Tax Act, tabled on May 9 of this year.

First, I propose to deal with the technical amendments. These measures were proposed in the May 9, 1985, Ways and Means motion and are amendments that remove uncertainty, involve relatively uncomplicated legislation, have little revenue impact, and address what I suggest to you are real problems. There are also a fairly large number of amendments that make technical improvements to the French version of the Income Tax Act.

The motion tabled on May 9 was referred to the House of Commons Committee on Finance, Trade and Economic Affairs after it was tabled and, overall, the report of the committee was very positive. The committee was also very receptive to the concept of a separate bill to deal with technical and administrative tax matters, leaving only substantive policy matters to be dealt with in the context of a budgetary bill. As well, the committee expressed its support for the numerous changes that are proposed to improve the French version of the Income Tax Act.

In the course of its hearings in early June, the committee identified seven clauses in respect of which it suggested further review by the government. One change has been made to the bill as a result of the comments made by the committee. The proposed amendment adding new section 162(2.1), which related to the late filing of tax returns because of a foreign tax adjustment, has not been included in the bill. The comments on the other six clauses did not represent criticisms of the specific technical amendments proposed but, instead, dealt with broader policy and administrative issues that were not within the ambit of the specific amendments. Accordingly, these matters have not been resolved in the proposed amendments, but are being considered for future tax changes in the context of the budgetary process.

The technical amendments also reflect a number of suggestions for changes that have been received from interested members of the public both before and since the original motion was tabled in the House of Commons on May 9, 1985. All of these are of a minor technical nature.

The technical amendments being proposed are varied and numerous and I should like to mention a few of them. Taxpayers will be allowed to carry forward charitable deductions which were deductible but not claimed in a year. Where an employee has a benefit from employment as a result of a share acquisition by a related person, the benefit will be added to the related person's cost of the share. A totally and permanently disabled person will be allowed to convert a life insurance policy into an annuity contract on a tax-free basis—I assume that that then extends out the interest, making it a longer period.

Senator Bosa: What is the condition at the present time?

Senator Nurgitz: It did not permit that.

The six-year limit that applies for treating as a capital loss any expenses incurred pursuant to a warranty obligation

assumed on a sale of capital property will be removed. Resource exploration and development expenses will be flowed through on certain amalgamations and windings-up without the application of the successor corporation rules. A rule will ensure that the recovery by a taxpayer of the cost of a stripped bond coupon will be excluded in computing income from the bond. Allowable business investment losses that expire before they can be deducted will be converted into net capital losses so as to obtain tax recognition over a longer period. The rules restricting the terminal loss on the disposal of a building where there is a gain on underlying land will be tightened so they cannot be avoided by transferring the land to a corporation before disposal of the building. The requirement that an election for annual accrual be filed with the issuer of a debt obligation is being dropped and instead taxpayers will be allowed to make the election in their tax returns.

Another loophole to be plugged is that a corporation which is treated under a tax convention between Canada and another country as a resident of that other country but would otherwise be a resident of Canada will be treated as though it is not resident in Canada.

Senator Frith: So the other country gets the tax?

Senator Nurgitz: No, the tax is still payable.

Senator Frith: But the other country gets the tax.

Senator Nurgitz: I am not sure of that.

I turn now to the amendments dealing with the amounts in dispute. These measures implement one of the recommendations contained in the Progressive Conservative Task Force Report on Revenue Canada which was released in April 1984. The purpose of these amendments is to ensure that a taxpayer will not be required to pay disputed taxes, interest or penalties until after he has had the opportunity to have his objections to the amounts assessed heard by an independent tribunal. The legislation also allows for the repayment of any amount previously paid to the extent that the amount is in controversy. The amendments will have three principal elements: first, restrictions on collection proceedings; second, repayments of taxes in controversy; and, third, safeguards against abuse.

The amendments which deal with the restrictions on collection proceedings provide that while amounts assessed by Revenue Canada under the act will be payable by a taxpayer forthwith upon assessment, no formal collection proceedings may be instituted by Revenue Canada during the 90-day period immediately following the assessment.

As under existing law, interest on all amounts ultimately determined to be payable by the taxpayer will run from the date the amounts were originally payable.

As well, where the taxpayer files a notice of objection to an assessment, formal collection proceedings in respect of the amount in controversy will be further delayed throughout the period during which the taxpayer may institute an appeal from Revenue Canada's decision on the objection to either the Tax Court of Canada or the Federal Court. If the taxpayer chooses to exercise his rights of appeal, formal collection proceedings with respect to the amount in controversy will also be delayed until after the first court decision has been rendered dealing with the issues raised by the taxpayer.

Only if the taxpayer loses his first appeal to the courts will he be required to pay the amount in controversy or post security for such amount with Revenue Canada.

Senator Bosa: Plus interest?

Senator Nurgitz: I have no idea. I did not look to see whether it does include interest.

Senator Frith: One of the things he said in answer to that question earlier was that interest was payable from the time of the debt being paid but not until it is settled.

Senator Nurgitz: There is no question that the legislation states that when interest is payable, it is payable from the date of the first assessment.

Senator Frith: But that is not due until that later assessment is confirmed.

Senator Nurgitz: Senator Bosa is raising the question of when one is posting security as opposed to money whether you would also have to include the interest, and I will undertake to ascertain that.

As I have indicated, in the event of a taxpayer being unsuccessful, he will then either lodge the amount of money or security for that money and then be permitted to proceed with his appeal to the next level of court.

• (1440)

The bill also contains amendments which will permit a taxpayer to obtain the repayment of any amount in controversy or the surrender of security where he has lodged an appeal to the courts and he has already paid the amount to the Crown or posted the security.

Honourable senators, I am not absolutely certain of this, but, when I was reviewing the matter as to whether the taxpayer need not post the funds or security in making an application for an appeal, I came to the conclusion that, in the event that both are done, the taxpayer is entitled to a refund of one, so there is only one lodging of security or one payment of tax.

To ensure against taxpayers abusing their newly-acquired rights, the bill also contains certain safeguards. Revenue Canada will continue to have the authority to collect amounts in dispute where it may reasonably be considered that the eventual collection of such amounts may be jeopardized by the delay which would otherwise result from the application of the new collection provisions. Taxpayers will have the right to a judicial review of Revenue Canada's determination that the eventual collection of tax would be so jeopardized.

In other words, I would assume that it is not different from years ago—what were called the "absconding debtors provisions"—when, in advance of proving the amount you were collecting, you could establish that there was reason to believe that there would not be assets to take at a later date. However, that is subject to judicial review so that Revenue Canada

would have to make a court application to prove that they would be in jeopardy of collecting at a later date.

The legislation also gives the courts the authority to impose a penalty of an amount not exceeding 10 per cent of the amount in controversy where it determines that a taxpayer's appeal is groundless. One of the main purposes for instituting this was to get away from frivolous appeals that would be filed merely for the purpose of delaying payment.

Honourable senators, the incorporation of these measures relating to the payment of taxes in dispute into the Income Tax Act answers one of the major concerns frequently expressed in the past that taxpayers are not dealt with fairly under our present tax collection system. These measures will ensure that taxpayers are not forced to pay taxes which they do not consider to be owing until such time as they have had an opportunity to have their case heard by an independent judicial body. It is an important step in achieving the government's goal of a fair tax collection system for all Canadians.

Honourable senators, early consideration and passage of this bill is desirable so that the department can proceed with the preparation of the necessary forms which would result from the passage of this bill.

Hon. Senators: Hear, hear.

Hon. Daniel A. Lang: Honourable senators, I wonder if the sponsor would agree to answer a question with respect to this bill.

Recently, as most people are aware, the Reichman interests in Toronto acquired the assets of Gulf Canada using a tax device involving a partnership and, thereby, avoided paying millions of dollars in tax which would otherwise have become payable. Has this matter been dealt with at all in the bill before us?

Senator Nurgitz: Honourable senators, I cannot comment on the question, nor do I have an answer. I am not satisfied that this particular bill, Bill C-72, really addresses that question. This bill represents what some consider to be a cleaning-up of the system of collecting taxes. I think there will be other legislation which will deal with the Income Tax Act generally.

On motion of Senator Barrow, debate adjourned.

NATIONAL FILM BOARD

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE AUTHORIZED TO EXAMINE AND REPORT ON FILM ENTITLED: "THE KID WHO COULDN'T MISS"

On the Order:

> Resuming the debate on the motion of the Honourable Senator Molson, seconded by the Honourable Senator Macdonald (*Cape Breton*):
>
> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the activities of the National Film Board with respect to the production and distribution of the film "The Kid Who Couldn't Miss".—(*Honourable Senator Doody*).

[Senator Nurgitz.]

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I yield to Senator Molson.

Hon. Hartland de M. Molson: Honourable senators—

Hon. Senators: Hear, hear.

The Hon. the Speaker *pro tempore:* Honourable senators, I must inform the Senate that if the Honourable Senator Molson speaks now his speech will have the effect of closing the debate on this motion.

Senator Molson: Honourable senators, I very much appreciate the tremendous support from colleagues in the chamber in my efforts to have this film referred to the Subcommittee on Veterans Affairs of the Standing Senate Committee on Social Affairs, Science and Technology.

So much has been said already, and so very well said, that I am sure honourable senators are just as anxious as I am to have this matter dealt with as soon as possible. I do not think I can add anything further and, therefore, suggest that the motion be now adopted.

Motion agreed to, on division.

Hon. Jack Marshall: I wish to inform honourable senators who have not received a notice that the film will be shown in Room 356-S at 8 o'clock tomorrow evening.

THE RIGHT HONOURABLE PIERRE ELLIOTT TRUDEAU, P.C.

RECORD OF ADMINISTRATION—INQUIRY STANDS

On Inquiries:

Hon. Philippe Deane Gigantès: Honourable senators, with leave, I should like this inquiry to stand until October 17, the eve of Mr. Trudeau's birthday.

Inquiry stands.

• (1450)

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-SIXTH MEETING

Hon. Richard J. Stanbury rose pursuant to notice of Tuesday, May 28, 1985:

> That he will call the attention of the Senate to the Twenty-Sixth meeting of the Canada-United States Inter-Parliamentary Group, held at Niagara-on-the-Lake, Ontario, from 16th to 20th May, 1985.

He said: Honourable senators, the annual conference of the Canada-United States Inter-Parliamentary Group took place at Niagara-on-the- Lake in mid May. Because of the importance of the meeting and because of the increasing importance that the Prime Minister and the government have been putting on the Canada-U.S. relationship, I had hoped to speak about some of these matters before the summer recess. However, house time did not permit that and I now have the advantage of making available the report of the Twenty-Sixth Meeting of

the Canada-United States Inter-Parliamentary Group in both English and French, which was printed as an appendix to the *Debates of the Senate* of Thursday last, October 3, 1985, at page 1332.

Because we have a number of new senators, most of whom will take a particular interest in our parliamentary relationship with the United States, I should explain that the Canada-U.S. Inter-Parliamentary Group, in the Parliament of Canada, usually exceeds 200 members and meets annually to hear reports and to elect officers. The 1986 general meeting will be held early in November, and I hope that all honourable senators who are interested will make a point of being present.

It may be that all honourable senators have not had the opportunity of visiting Upper Canada's first capital at Niagara-on-the-Lake, but those who have will know that it is a beautiful town made spectacular by the cherry, peach and apple blossoms of May. The tourist accommodation and attractions are incomparable and the conference facilities were ideal for our purposes.

The sessions of the conference are attended by members of the Senate and House of Representatives of the United States and by members of the House of Commons and the Senate of Canada. The purpose of the conference is to deal with as many as possible of the matters which the parliamentary representatives regard as worthy of close discussion during the few days they are together. The Canadian team goes through several weeks of intense briefings. The individual delegates take responsibility for specific subjects and do a lot of homework to prepare themselves for the discussions with knowledgeable and articulate American congressmen.

The report which I have tabled covers some 35 pages. I highly recommend that honourable senators read it with some care. I hope that when they have done so, they will take the opportunity of using this chamber as a forum for discussion of some of the pertinent issues dealt with in that report. At this time I will simply sketch briefly what those issues were, in an attempt to titillate their curiosity and inspire their participation in the debate.

The conference is organized into three committees and delegates are assigned to each. Traditionally, Committee I deals with economic and trade questions. In the opening discussions dealing with the state of the U.S. and Canadian economies, the Americans were quite pessimistic. Unemployment remained high with an actual decline in jobs in manufacturing. Growth threatened to continue at a low pace. The U.S. dollar was too high, as were real interest rates. There was disagreement as to why Americans were not investing as much abroad and great concern about the size of the balance of payments deficit. Of course, the government's growing deficit was particularly topical at the moment because Congress was in the final throes of trying to deal with the President's budget requirements.

Canadian delegates commented on the depth of the recession in Canada and the very large deficits, not only of the national government but of the provincial governments as well. We emphasized the extent to which recovery depended upon American action and the importance of finding some new trade arrangements with the United States to allow Canadians to avoid the impact of protectionist sentiment in the United States Congress. As honourable senators can imagine, the discussions on the possibility of a new round of multilateral trade negotiations and the apparent movement of the Canadian government from a sectoral approach to a comprehensive approach regarding the possibility of bilateral free trade were subjects which engaged the attention of the delegates for some time. There was agreement that a new multilateral agreement could not be implemented until early in the twenty-first century, even if the process began tomorrow, and the foot-dragging of France and the unreadiness of the United States would ensure that the process would not get under way for some time yet. That fact, together with the growing threat of protectionism in the United States Congress, seemed to militate in favour of some new bilateral deal between Canada and the United States.

The discussion went on into specific matters such as the Americans' subsidization of their grain exports, their requirement that imported steel pipe be indelibly marked as to source, the artificial barriers they have been putting up against Canadian hog and pork imports and American "harassment" of the Canadian fishing industry; the insistence of Americans that our softwood lumber industry is subsidized by our stumpage system, in spite of the fact that their own International Trade Commission has determined to the contrary, our patent law relating to pharmaceuticals, President Reagan's emergency quota regulations which essentially ban imports from Canada of any products containing sugar, our mutual concerns about European beef, that old chestnut of border broadcasting and what the Americans believe is a subsidization of our freight rates by the Government of Canada.

I have run over the whole list of irritants quickly but the most disturbing theme which ran through all of the discussions was the matter of the 400 protectionist bills which are now at some stage of the congressional process and which are symptomatic of the deep anger and concern among those special interest groups who are hardest hit by America's huge trade deficit.

Canadian delegates felt fortunate that among the American delegates was Congressman Sam Gibbons of Tampa, Florida, who is the Chairman of the Trade Sub-Committee of the Ways and Means Committee of the House of Representatives. Congressman Gibbons has a good deal of control over which of the protectionist pieces of legislation ever reaches the floor of the House. He is a friend of Canada and a self-proclaimed free trader. However, in response to the monumental pressures which are heaped on him every day, he has developed a bill of his own which may be as damaging to many Canadian interests as any of the other bills could be. Although there are internationally accepted definitions of unfair trade practices, such as dumping, unfair subsidies, and so forth, Congressman Gibbons' bill proposes to develop special American definitions of those terms. In particular, even though the ITC has deter-

mined that Canadian stumpage practices are not a damaging subsidy in the international sense, they would be if Congressman Gibbons' bill were ever to be allowed to pass. The "level playing field," which the Americans espouse so warmly, is in danger of developing some lumps built by the American Congress.

Committee No. II is devoted to questions of energy, defence and multilateral questions.

There was a discussion of the changes in the National Energy Policy, of problems of energy transportation and distribution in North America and a favourable reaction to the idea of increased electricity exports from Canada. The possibility of a continental energy policy was mooted, the suggestion being that such a policy would resolve the prohibition on crude oil exports from the United States, provide a rationalization of the natural gas supply system, and overcome some of the problems of export of Canadian electricity and the restrictions on the export of Canadian uranium. One congressman expressed the opinion that now, at a time of a Canadian energy surplus, was the best time to plan a free trade package including energy, which he believed would be a dominant item of discussion.

The committee went on to discuss defence. Most of the time was taken on President Reagan's Strategic Defense Initiative, or SDI, as it has become known. There was general support for the program among the congressmen, but doubts were expressed over the problem of funding and over the effect of SDI on the ABM Treaty and on SALT II. The views on the Canadian side were more mixed, with several delegates expressing the opinion that SDI should be considered more an offensive than a deterrent system, and that it would be seen as a destabilizing element in arms negotiations. Discussions on the arms control negotiations underlined the critical role being played by the negotiators at Geneva.

A limited amount of time was spent on the renewal of NORAD and the need to improve communications and lines of command.

● (1500)

There were Canadian complaints that the defence production sharing arrangement was being inhibited by the American preference for giving small contracts, which might be ideal for Canadian producers, to small business in the United States, and the fact that Canadian "offset" production makes Canadian industry into "pattern producers".

Committee No. III dealt with fisheries, environment and multilateral issues.

The delegates congratulated each other on the impact that the Canada-U.S. Inter-Parliamentary Group had had on resolving a number of issues in these fields. Some progress had been made in improving the quality of the water in the Great Lakes, although there were now danger signals as a result of the proliferation of toxic wastes. The group had finally managed to get together all the players related to the west coast salmon fisheries management and reached agreement.

However, it was agreed that there were still important issues. The Americans were unhappy with Canadian management of the east coast fishery and all members of the committee were concerned about the high seas interception of fish by Russian and other foreign trawlers. The same concern about the Russians and the high water fleets of some 15 other countries "vacuum cleaning" the whole area of the north Pacific also found common ground among the delegates.

There was a claim that sport fishing in Minnesota had been ruined by the policies of the Ontario government and it was agreed that the International Joint Commission should be asked to intervene.

Other areas of discussion included the White Pass and Yukon Railroad, the raising from the floor of Lake Ontario of U.S. naval vessels, the Garrison diversion, the Flathead River and a warning that while the consumption of Great Lakes water was not now a problem, it was likely to become one over the next few years. That brought forth a tough discussion on toxic wastes in the Great Lakes and the committee adjourned to Niagara Falls, N.Y., to view the Love Canal to see what is being done to repair the damage. The final stop on the tour was at the Niagara River Gorge to examine several places on the rock face from which toxic-laced water seeps down into the Niagara River. Delegates were immediately struck by the sight and smell of slimy water running from the limestone cliffs. Canadians expressed their concern about the continued pollution of the rivers and their lack of confidence about present remedial measures. It was agreed that the delegates had seen only "the tip of the toxic waste iceberg" in the United States. There are hundreds of sites across the country being fed by a flood of chemicals that come on to the market each year.

Acid rain was a natural sequel to those discussions. The congressmen insisted that the issue was also an important one for them, but they were not at all confident that either the people of the midwest or the federal government in Washington was prepared to pay the enormous cost of cleanup. In fact, they anticipated that the problem might grow worse as many United States electric generating plants were converted from oil to coal. It was agreed that the two countries had to seek agreement on specific goals for acid rain reduction and the hope was that the two envoys named by the President and the Prime Minister would do something to make their mandate meaningful.

The only multilateral issue which was reached during discussions was the African famine. The Canadians called for a "Marshall Plan" to deal with the long-term problem and it was agreed that massive help was required in the short term while long-term solutions were sought. Self-help rescued India. One delegate said "Ten years ago they said India was a basket case. Now it exports food. No one should give up on Africa."

The plenary session which wound up the discussions was centred on the bilteral trade relationship between Canada and the United States.

No one doubted the importance of the issue. The free trade arrangement between the U.S.A. and Israel and the Canada-U.S. Auto Pact were cited as examples which had greatly

benefited the participants. One American senator from the midwest was concerned that the timing was bad to commence free trade discussions. The depressed conditions on U.S. farms and the general protectionist attitudes would militate against success. He thought that the right "time window" would be in about five years but that in the meantime there would be too much American resistance. Most of the Canadian reaction was positive, but there were those who expressed skepticism on behalf of agriculture and such industries as textiles. It was agreed that whatever was done, it would have to proceed over a long period to prevent the impact on specific industries from being too severe.

Honourable senators, I confess that I have recited a long catalogue of issues this afternoon. When recited in such a rapid-fire and bare-bones way, you may even regard it as boring. But I assure you that the weekend conference was in no way boring. Delegates on both sides were extremely well prepared. The debates were vital and frequently spirited, and the opportunities for social intercourse and private chats turned the whole event into both a learning and human relations occasion which could not but help send each delegate home having gained new friends and new insights into the issues which were discussed. The people of Canada and the United States are the ultimate beneficiaries of these Canada-U.S. inter-parliamentary conferences and the continuing links which are forged among the delegates.

Some Hon. Senators: Hear, hear.

Hon. Gildas L. Molgat: Would the honourable senator entertain a question?

Senator Stanbury: Yes.

Senator Molgat: The honourable senator mentioned discussion of the Garrison diversion. Was that done strictly in the context of the Garrison or was it done in the much broader context of the movement of water between the two countries?

Senator Stanbury: Honourable senators, unfortunately I was not present at those discussions. I am not sure whether any other honourable senator was present at those discussions and can provide the answer. So far as that particular committee's discussions are concerned, I have to rely on the report itself. Perhaps the honourable senator could look at the report of that committee to get an explanation of the extent of the discussion—unless, of course, there is a senator present today who actually attended the committee's discussions.

The Hon. the Speaker *pro tempore:* Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered debated.

1985 UNITED WAY CAMPAIGN

ANNOUNCEMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I wish to make an announcement on behalf of the organizers of the United Way campaign. A small fashion show and party will be held today in room 256-S at 5 p.m., presumably to model the new gowns for the clerks at the Table! In any event, in order to raise money for this very worthy cause, the staff of the Senate have been encouraged to attend. I would also like to invite all honourable senators to attend. There will be a raffle, which should attract a lot of people from this side; and also free coffee, which should attract all of our friends from the other side. It will be a very pleasant time, and I would certainly like everyone to attend, if possible.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 9, 1985

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

Prayers.

CANADA-UNITED STATES RELATIONS

FREE TRADE—NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I give notice that, on Tuesday next, October 15, 1985, I will call the attention of the Senate to free trade with the United States.

QUESTION PERIOD

[*English*]

INDUSTRY

FOOTWEAR—IMPORTATION QUOTAS—GOVERNMENT POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I am aware that the footwear industry in various parts of Canada has been making representations to the government concerning the policy the government will implement with respect to the level of importation of footwear into Canada from other countries.

Could the Leader of the Government tell us what the present situation is?

Hon. Duff Roblin (Leader of the Government): Yes, I can, honourable senators. The government has received a report from the special committee that was established to advise on the question of the footwear industry. That report is now under consideration. No decision has yet been reached as to what the government will be recommending with respect to it.

Senator MacEachen: Honourable senators, I should like to ask some further questions covering two points.

On the first point, can we take it for granted that, whatever the result of the deliberations is with respect to time or quantities, the government will continue a policy of quotas with respect to the Canadian shoe industry? Is there, indeed, some doubt as to whether the government will abandon the policy altogether? Can the Leader of the Government enlighten us or clear up that point which is quite apart from the level of market share accorded to importers and the duration?

On the second point, since pressure is mounting for some clarification, can the Leader of the Government give us some idea as to when the government might be able to reach a decision?

Senator Roblin: My honourable friend is really asking me to anticipate what the government's policy is going to be, and that, of course, I cannot do.

The decision of the government will be announced when the discussions have matured within the departments concerned.

Senator MacEachen: Honourable senators, I think the Leader of the Government has left a possible inference that the government may, indeed, abandon quotas altogether. Is that a possibility?

Senator Roblin: I am not leaving any inference whatsoever. I am simply allowing my honourable friend to make whatever inferences he wants to make. When the government policy has been decided upon, it will be announced, and I am sure he will be among those who will take note of it.

AGRICULTURE

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ACTION

Hon. Hazen Argue: Honourable senators, during the current session I have asked this question of the Leader of the Government in the Senate: When can we look forward to government action being taken on the conditions brought about because of the severe drought on the prairies? I will not try to quote him because I may be inaccurate, but Senator Roblin gave some indication that a decision in this regard might be taken fairly soon. I believe that at one point he said that would happen by the end of the month, which would have been September. In any event, those people out there are really hurting: they need cash; they have been asking for it for a couple of months now. Can the government leader give us a clearer indication as to when a decision might be forthcoming?

Hon. Duff Roblin (Leader of the Government): Yes, honourable senators, the answer is: Soon.

Senator Argue: I suppose that that makes it a couple of weeks sooner, but how soon is "soon"? Might that be within a week, within a month, next year or within a matter of days?

Senator Roblin: My honourable friend can make whatever assumptions he likes about "soon". I cannot enlarge upon that statement.

Senator Argue: People have been patient out there; they have been waiting for a long time. People are going bankrupt daily.

Senator Flynn: Oh, gee whiz!

Senator Argue: You can say, "Oh, Jesus!" or anything else.

Senator Flynn: I didn't say that.

Senator Argue: I don't know what I heard you say. If you are the Canadian Commercial Bank you don't go bankrupt, but if you are a farmer they say, "We will get you some help soon."

Senator Flynn: On a point of order, I did not say "Jesus"; I said, "Gee whiz!"

Senator Argue: That is what I heard, too. It was my error.

INTERNATIONAL TERRORISM

SEIZURE OF ITALIAN CRUISE SHIP—REQUEST FOR INFORMATION

Hon. Peter Bosa: Honourable senators, concerning the act of piracy that has taken place in the Mediterranean, has the Leader of the Government in the Senate any news that he could share with his colleagues in this chamber?

Hon. Duff Roblin (Leader of the Government): I can report that since we mentioned that matter yesterday, two other persons have been identified as Canadians and they are both safe.

[*Later:*]

Hon. Charles McElman: Honourable senators, as a supplementary to Senator Bosa's earlier question, is the government leader not aware that not only the Canadian hostages but all the hostages are safe? The terrorist incident in the Mediterranean is over.

Senator Roblin: Oh, that is excellent news. I thank my honourable friend for bringing it to the attention of the house. I might add that it is news to me, too.

ENERGY

EAST COAST EXPLORATION—REPLACEMENT OF PETROLEUM INCENTIVE GRANTS—GOVERNMENT POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I will try once more today with the Leader of the Government to see whether we can get a bite at all. We have failed so far, so perhaps I will just put another lure into the water.

The government leader may have noticed in the press a day or two ago a very long article about the virtual standstill in exploration off the east coast of Canada. The number of rigs has declined and still others are proposing to leave. This is not entirely but is in good part due to the termination of the petroleum incentive grants. Because the assistance to the exploration programs has been terminated, the exploration companies have not provided for further exploration along the east coast.

I wonder if the Leader of the Government can tell us whether it is the intention of the government to replace the petroleum incentive grants by an alternative form of encouragement of exploration on the east coast.

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend, although I am sure he also knows this, that those people who are interested in the exportation of natural gas from the Sable Island fields are continuing with their applications before the National Energy Board. While there may be some slowdown in the industry at the present time, I think that there is still room for considerable optimism.

With respect to the question that he asked, I can tell him that the minister is in the process of developing the policy with respect to Canada Lands or offshore incentives to replace the late lamented PIP arrangements.

• (1410)

FISHERIES AND OCEANS

PRODUCT INSPECTION STANDARDS

Hon. Charles McElman: Honourable senators, I am sure that all members of the government party have heard all they wish to hear about tuna in my home province and, frankly, I too have heard all that I want to hear about it. However, in light of the damage that has been done to the fishing industry at large in the marketing of its product, and more particularly the danger in which a substantial number of jobs in New Brunswick have been placed, may I ask the Leader of the Government to exert his influence upon the Acting Minister of Fisheries and Oceans to give as much publicity as possible throughout Canada at this point in time to the fact that fisheries inspection of this type of product has now been stepped up—improved, if you will—and, in any event, is now at a level where the Canadian public can again fully trust the product that they buy off the shelves in our retail markets. It is very important to the industry in New Brunswick and tremendously important to the many families who are dependent upon employment at this particular plant.

Hon. Duff Roblin (Leader of the Government): Honourable senators, that is a very helpful suggestion and I will see that it is passed on to my colleague.

BANKING, TRADE AND COMMERCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to Notices of Motions:

Hon. Lowell Murray: Honourable senators, I give notice that tomorrow, Thursday, October 10, 1985, I will move:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at 3.30 o'clock in the afternoon on Tuesday next, October 15, 1985, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY ACT

BILL TO AMEND—THIRD READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator Murray, for the third reading of the Bill C-69, intituled: "An Act to amend the Canadian Institute for International Peace and Security Act and certain other Acts in relation thereto".—(*Honourable Senator MacEachen, P.C.*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I wonder if I might try to find a way out of what appears to be a small impasse in connection with the third reading of Bill C-69. Some time ago Senator MacEachen asked a question, and the sponsor of the bill had some difficulty in supplying the answer, the reason being that the minister responsible was somewhat reluctant to give details of his relationship with the institute. He was anxious—as, indeed, were his predecessors—to keep the appearance of arm's length relationship with the institute intact. He had no desire—nor do any of us have any desire—to embroil the institute in a partisan political controversy. With that in mind, he was reluctant to give direct answers to some questions.

However, he has now agreed to supply my honourable friend opposite with the answer he requested. The information, I am told, is that the minister did seek the advice of the institute directly on one occasion when he called on it to undertake a study on the implications for Canada of the NORAD agreement over the past ten years. That study is under way. That is the information I have concerning that particular question.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I thank the Deputy Leader of the Government for his co-operation. I am grateful, if that is the question—

Senator Flynn: You are grateful for his advice.

Senator MacEachen: No, nothing like that—

Senator Frith: Just when things were going well, Jacques. You just can't stand it.

To see some nice, friendly relations between the two sides triggers him right away.

Senator MacEachen: The cardinal sin of a minister in the House of Commons was to filibuster his own estimates, and that is precisely what Senator Flynn does frequently in the Senate.

Senator Flynn: I have become as useless as you.

Senator Argue: So unkind!

Senator MacEachen: He is the chief obstructionist to the passage of government legislation. I guess that Senator Flynn is annoyed that—

Senator Flynn: No, I am just having fun.

Senator MacEachen: —the leadership on the government side is showing a co-operative attitude and is not adopting the obstructionist attitude that has characterized his interventions.

Senator Frith: That must be it. I think you are on to something.

Senator MacEachen: I give full marks to the deputy leader—

Senator Doody: No, no! I've got enough over here!

Senator MacEachen: —and the minister for providing the answer.

Senator Argue: Only after one year.

Motion agreed to and bill read third time and passed.

QUESTION PERIOD

[*English*]

STANDING RULES AND ORDERS

TIME LIMIT FOR GOVERNMENT RESPONSE TO REPORTS OF SENATE COMMITTEES—REQUEST FOR CONSIDERATION BY COMMITTEE

Leave having been given to revert to Question Period:

Hon. John M. Godfrey: Honourable senators, I have a question for the Chairman of the Standing Rules and Orders Committee, who was not here earlier. Standing order 70(16) of the Standing Orders of the House of Commons—which was a recommendation of the Lefebvre committee—provides that:

> Within 120 days of the presentation of a committee report, the government shall, upon the request of the Committee, table a comprehensive response.

No such rule has been adopted by the Senate.

This new standing order came into force on December 22, 1982. The Standing Joint Committee on Regulations and other Statutory Instruments has thus far made five reports in which it has requested that the government table a response pursuant to standing order 70(16). In each instance that request has been deleted from the copy of the report tabled in the Senate. When this was first done in 1983, François Bernier, counsel to the committee, wrote to the then director of the Senate's Committees and Private Legislation Branch to question this practice on the grounds that: first, officers of the Senate have no authority to modify a report adopted by members of both houses; second, it denies to senators the information that a response is forthcoming by the government. At the time, Mr. Bernier was told that while his arguments were sensible, the decision in question had been made by a group of Senate officers and would stand.

The whole situation would be avoided for joint committees if the Senate also adopted a rule to the effect that any of its committees may request that the government table a response to a report within 120 days. I must say that this makes sense. Why should the government not also be required to respond to reports of Senate committees within the same time period, 120 days?

My question to Senator Molgat is: Would he put this question before the rules committee? Even though our system generally seems to work pretty well, if it would work better as

a result of adopting this rule, would he please have his committee take it under consideration?

Hon. Gildas L. Molgat: Honourable senators, might I say that Senator Godfrey has proposed to the committee a number of changes to our rules, and we have looked at them very openly.

I might point out that the joint committee that was studying the reform of the Senate, at the request of the members from the House of Commons used this particular rule in the house—that is, that the government should respond within a certain time—and I think it was a useful vehicle. At the moment, the Senate does not have such a rule but I would assume that my colleagues on the committee would be prepared to look at the matter in the same way as they have looked at the other worthwhile suggestions of Senator Godfrey.

Senator Godfrey: With more favourable results, I trust.

Senator Molgat: If I recall correctly, Senator Godfrey proposed four changes and one of those changes was adopted. One out of four is not a bad record.

Senator Godfrey: I like to bat over 300.

● (1420)

CRIMINAL CODE

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Murray, for the second reading of the Bill C-77, intituled: "An Act to amend the Criminal Code (pari-mutuel betting)".—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, at the risk of incurring the wrath of Senator Flynn, I would like to start by saying that I support this bill. I hope that will not cause any negative response from Senator Flynn.

Honourable senators, I think it is important for us to know what this bill does not deal with. We are not here to review the whole question of whether it is a good thing from the point of view of public morality to have the state involved in gambling. It is, of course, with regard to pari-mutuel betting and as it is with regard to lotteries. That is a debate that I do not think has ever been settled. There might be some senators who have some reservations as to whether or not it is moral for the state to be involved in gambling, especially when we see what has happened with regard to lotteries. There is widespread advertising everywhere, encouraging people, in effect, to gamble. I suppose it depends on whether or not one thinks gambling is a vice. However, I am asking honourable senators to leave aside that question and not to assume that when I support this bill I am speaking in support of the state being involved in gambling.

What we do have here, honourable senators, is a question as to whether or not we should solve a problem for the Canadian race tracks and, indeed, for this industry, as it exists in Canada. The amendment to the Criminal Code that is before us, I understand, originated with an organization called the Race Tracks of Canada Incorporated, a Toronto organization that represents 95 per cent of all Canadian horse raceways, thoroughbred and standardbred. They found that attendance at Canadian events was down notably on those days when a major U.S. race was aired on Canadian television. They found or suspected that what took place was that people would stay home or would find ways to bet on these races. A bettor on a race, of course, usually wishes to have some information about the race as it takes place. Perhaps this is part of the excitement for a gambler. By permitting betting on U.S. races at Canadian facilities, the Race Tracks of Canada Incorporated tell us that attendance would improve generally, and especially on those days when U.S. races are aired in Canada.

The total amount of current Canadian betting on U.S. races is not available, for understandable reasons. If this legislation is passed, of course, we will have such figures in the future. One example that was given of the amount of money at stake is about Canadians who apparently ventured across the B.C. border to wager approximately $157,000 on the most recent Kentucky Derby at Washington State Raceway.

I have some information on the taxes involved. These, of course, vary from province to province but essentially for every dollar that is bet, 80 cents is returned as winnings to the bettors; then .122 per cent goes to the tracks and the horse owners, in trust for the horses—and they take their winnings in oats and hay—.07 per cent goes to the provincial governments and .008 per cent goes to the federal government.

So, the intention of this legislation, as Senator Nurgitz has pointed out, is to enable Canadians to bet in Canada on horse races run outside of Canada. The representations made are that, leaving aside the question of whether any gambling is legitimate, that betting should be done through the pari-mutuel system instead of going through bookmakers or going outside the country. The result is that the moneys will stay in Canada, will be to the benefit of the Canadian horse racing industry, and the Canadian taxpayer, insofar as the Canadian taxpayer does share in the amount that is wagered.

That principle of the legislation—again having accepted the fact that we are not here to debate whether pari-mutuel betting or public involvement in gambling is desirable or not—is worthy and ought to be supported.

Because I do not want to spend any time talking about some aspects of the legislation that might bear some scrutiny, both as to effectiveness and as to statistical background, I believe the bill should be referred for routine study to the Standing Senate Committee on Legal and Constitutional Affairs. I suggest that that is the proper committee because the legislation does amend the Criminal Code of Canada. Some might suggest that it be referred to the Standing Senate Committee on Agriculture, Fisheries and Forestry because the Department of Agriculture supervises track betting in Canada.

My suggestion, honourable senators, is that we suppport the principle of this bill on second reading and refer the legislation to the Standing Senate Committee on Legal and Constitutional Affairs for study and report.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Hon. Nathan Nurgitz: Honourable senators, in agreeing with Senator Frith's suggestion, I move that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

INCOME TAX ACT
TAX COURT OF CANADA ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Doody, for the second reading of the Bill C-72, intituled: "An Act to amend the statute law relating to income tax and to make a related amendment to the Tax Court of Canada Act".—(*Honourable Senator Barrow*).

Hon. A. Irvine Barrow: Honourable senators, I should like to thank Senator Nurgitz for his clear and able presentation of Bill C-72. Although the bill itself is voluminous, consisting of some 239 pages, the amendments are, as he has stated, mainly concerned with making changes to clarify wording and are of a simplifying and relieving nature. Others correct some inaccuracies. Indeed, the bill devotes some 60 pages to making the terminology in both official languages consistent.

One of the most important changes concerns the provision relating to relieving the taxpayer from paying the extra tax levied upon reassessment until the time for appeal has either elapsed or the taxpayer has appealed and the case has been settled, thus eliminating a hardship on some taxpayers when reassessments have been proven to be wrong.

There are other changes affecting non-residents, administration, loss-carry-overs, deemed disposition of capital property on the death of a taxpayer, bad debts, depreciable property, interest, death benefits, moving expenses, life insurance loans, donations, medical expenses, dependents and the elimination of trusts set up to double the principal residence exemption. Many of the changes are as a result of complaints by taxpayers, and the government is to be commended for the action it has taken. However, it might be advisable to have officials from the Department of National Revenue or from the government give an explanation. Therefore, if the mover of the bill should agree to refer it to committee, I would be pleased to support his motion.

[Senator Frith.]

• (1430)

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

RESEARCH AND DEVELOPMENT

SUPPORT AND GOVERNMENT POLICY—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Marsden calling the attention of the Senate to the importance of research and development in every province and territory and the need for caution and sensitivity in the realignments of support, and of policy by government, which relates to research and development.—(*Honourable Senator Marsden*).

Hon. Lorna Marsden: Honourable senators, when we launched this inquiry last April before the federal budget came down, I argued that the issues of research and development in this country were among the most important of the day and that they required a sense of direction and purpose on the part of any national government. We have had the budget and a number of moves and initiatives by the honourable gentleman in the other place who is referred to in the research community, unfortunately, as the thirty-ninth minister. We still have no sense of direction as to where the government is going in terms of research and development. Yet, we are facing an even more uncertain and revised future now, because of the new initiatives in terms of trade agreements, than we were even last April. Our country has one foot in the modern world and the other foot firmly rooted in the past in terms of research and development.

I should like to say how much I appreciate the comments made by Senator Doody on this subject of research and development, and I am going to comment on the two major issues that he raised when he spoke after the budget had been launched. He argued that the attitude of this government toward privatization, or the importance of developing research in the private sector, was a crucial aspect of government initiative. Of course, it is an important aspect, but the role of the private sector in the development of research, basic and applied, in this country is not, historically, well substantiated, albeit with some exceptions. When and where have Canadian firms done basic research and applied that research in our country? Our strategy and our tradition has been to import technology and ideas and to apply those ideas, a strategy which Harold Innis expounded upon at great length. It seems to me that means that the role of the central government is absolutely crucial and needs to be more important in terms of development of basic research.

Our notable successes in this country, which have been significant in agriculture, in medicine—in the development of insulin, for example—in transportation, which has been crucial, and in communications, have been characteristically joint developments with universities and federal departments such as the Department of Agriculture and through the impetus provided by funding through the basic research councils of this country which have been such an important part of our past and our tradition and are still so today.

I argue that we need more, not less, support for joint developments and joint initiatives in this area. And, of course, Canada is not unique in that regard. In the United States, for example, it is really the military development that provides the lead in the spin-offs which come to the private sector of that country in terms of the development of research and technology. It organizes; it demands; it spurs initiatives.

We—and, in my opinion, very wisely so—do not have that particular impetus for research; but we do have other areas in which we can have the same kind of consequences which are important in the private sector, areas of initial joint ventures, if you like—and I mean that in the sense of ideas and not in the strict business sense—as between the public and private sectors.

Hence, I would argue that this government is wrong in placing so much emphasis on the private sector, and very wrong, indeed, in relying on it.

Mr. Diefenbaker, whose Avro Arrow experience should be a lesson to us all, is an example in this regard. It was pointed out in a recent article by Mr. W.A. Wilson that the development of the Arrow airframe and the Orenda engine was a "tremendous learning experience for Canadian industry, scientists and engineers, resulting in the acquisition of masses of new technologies."

The article went on to say:

> Diefenbaker never appreciated that and the present prime minister has little understanding that standing aside from research does not help a modern country remain competitive.

I agree with the comments of Mr. Wilson.

The second argument made by Senator Doody concerned the measures in the most recent budget to spur and lead on research and development—and I think, indeed, he made some very good and telling points in that regard. But there are two major problems, as analysts have been pointing out. First, the tax incentives for R&D in the most recent budget for hi-tech companies really are not, in the minds of most of those people who are directly involved, providing any effective help in small and medium-sized high technology companies; and a more recent survey carried out indicates that these companies are not hiring the graduates in those areas from our universities. In fact, that initiative does not seem to be, at least to this point in time, paying off.

And second, even though the government in this past budget got rid of the very controversial scientific research tax credit, it has not come up with a replacement incentive to attract private capital for R&D to these technology companies about which we are all so concerned.

So, while I think the intentions were good, the impact is very minor indeed. We need much more.

In addition to those measures, it seems to me that what is being badly neglected is the area of help for human resources. Capital to fund projects is of course important, and no firm can proceed without it; but no firm can proceed, either, without brain power.

When we talk about the need for research and development, that research and development is not only in the high technology area. We know there is a demand in this country, for example, for people working in electronics, in certain highly specialized areas. This government will need to pay far more attention in the Established Programs Financing, which is coming up for renegotiation, to the capacity of our universities and centres of learning to supply the labour demanded in order to create the kind of economic growth we are talking about. But it is not only in the area of high technology and the very advanced frontier areas of science that research and development needs to be carried out. When one in five Canadians cannot read and write to a sufficient level to permit them to work in our labour market, as the Special Senate Committee on Youth has been hearing in testimony, the education and training of our labour force is obviously an area that requires attention. We need research and development to resolve those problems of our labour force which are not in the areas of high technological advancement but rather in those areas of how we maintain an economy when a large part of our labour force can no longer participate in the kind of economy we are trying to build. That is a major issue for research and development in education, in labour market adjustment, and in related areas.

● (1440)

Those people who work in the implementation of new technology, whether on the shop floor, in offices, in hospitals or wherever, know that they cannot just throw new ideas, new machines and new technology at people. They know they have to redesign human organizations.

The Social Sciences and Humanities Research Council of Canada has launched initiatives to help schools of administrative studies examine the issues, but we still need to pay far more attention, in terms of research and development, to the structure of our organizations and the modernization of the work that humans do in all parts of this country, not just in the big cities and in the universities, but in the small towns and places where people are having to adjust to new ways of mining, fishing and organizing farming.

I should like to conclude by arguing that, although we have had a debate in this chamber and there is a debate in the country, there is no really significant priority placed upon what, to the minds of many of us, is the most crucial issue of the day. We need far more than analysis; we need a government viewpoint sensitive to this issue.

I was intrigued to see that Prime Minister Palme in Sweden, in constructing his new cabinet this week, has placed his

highest priority on research and development. In Sweden, they have something called the "minister of the future"—a ministry that only a socialist government could imagine would have any kind of fixed content. Much more importantly, Prime Minister Palme has placed his Deputy Prime Minister, the number two person in his cabinet, in charge of research and development. It seems to me that that is a most appropriate priority and explains one of the significant differences between their country and ours—their economy with its low rate of unemployment, its low rate of inflation and its very high penetration of some new markets, export markets, and high-technology markets.

When Professor Gordon Laxer wrote his Ph.D. thesis at the University of Toronto on the question of why Canada did not become a fully-independent manufacturing country in 1913, along with Sweden, Germany and Japan, he put his finger on a classic dilemma of our country. The explanation of that, of course, was complex, but one part of it is the very low level of understanding and sophistication in the minds of people in this country about the importance of research and development, not as a highly specialized, esoteric area, but as a matter of concern for every employer, every student, every educator and everyone in the country. It continues to be a problem. The problem is a classic Canadian one.

In concluding this debate, I will continue to argue that it is necessary to mobilize the ideas of Canadians about this issue. We cannot shed this responsibility to an ill-defined interest in the private sector. We need priority to be given to the areas of research and development. We need talent to be focused upon this issue. We need brains to be on this agenda rather than banks.

Hon. Senators: Hear, hear.

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

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION TO AUTHORIZE COMMITTEE TO STUDY CONSULTATION PAPER ON TRAINING AND DOCUMENT ENTITLED "EMPLOYMENT OPPORTUNITIES: PREPARING CANADIANS FOR A BETTER FUTURE"—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bonnell, seconded by the Honourable Senator Cottreau:
>
> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to study and report upon the Consultation Paper on Training, issued by the Department of Employment and Immigration, tabled in the Senate on 11th December, 1984, and the document entitled "Employment Opportunities: Preparing Canadians for a Better Future", tabled at the First Ministers' Conference held in Regina, Saskatchewan, on 14th and 15th February, 1985; and
>
> That the Committee be empowered to engage the services of such professional, clerical and technical personnel as may be required for the purpose of the said examination.—(*Honourable Senator Phillips*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, some of my colleagues have asked me about this order which deals with a motion that the Standing Senate Committee on Social Affairs, Science and Technology be authorized to study and report on the Consultation Paper on Training and a document entitled "Employment Opportunities: Preparing Canadians for a Better Future."

I have been told that this order has not been dealt with since May 8 last.

Hon. Duff Roblin (Leader of the Government): It is not the only item.

Senator Frith: No, it is not, but many items have been dealt with since our return. I know that members on the opposite side have tried to do so, and so have we.

I should like now to flag it for attention in the hope that we can deal with it.

Hon. C. William Doody (Deputy Leader of the Government): Senator Phillips is absent and will be for the next several days. I am sure he will be prepared to go ahead with it shortly after he returns. He has no great preoccupation with secrecy, so I am sure he will get on with it.

Senator Frith: We will get on with that subject, as you know, next week.

Senator Roblin: Can you say the same about the other one?

Order stands.

CENSORSHIP

NATURE AND DANGER

Hon. Philippe Deane Gigantès rose pursuant to notice of Thursday, October 3, 1985:

> That he will call the attention of the Senate to the nature of censorship and the danger it represents.

He said: Honourable senators, mankind has progressed in inverse proportion to the degree of prevailing censorship. The brightest lights of democratic thought through the ages have opposed censorship. The great British parliamentarian, Edmund Burke, in paraphrasing Voltaire, said that he despised what one of his opponents was saying, but he would defend to the death the right of that opponent to say it.

The point of such remarks is that we should protect, especially, those with whom we disagree, indeed, those who are most wrong or most at variance with the generally-held view.

John Stuart Mill, writing On Liberty, said that censorship is

> as noxious, or more noxious, when exerted in accordance with public opinion, than when in opposition to it. If all mankind minus one were of one opinion, and only one person were of the contrary opinion, mankind would be no

more justified in silencing that one person, than he, if he had the power, would be justified in silencing mankind.

Honourable senators, I have another quotation by John Stuart Mill in which he said:

> The peculiar evil of silencing the expression of an opinion is, that it is robbing the human race; posterity as well as the existing generation; those who dissent from the opinion, still more than those who hold it. If the opinion is right, they are deprived of the opportunity of exchanging error for truth: if wrong, they lose, what is almost as great a benefit, the clearer perception and livelier impression of truth, produced by its collision with error.

John Stuart Mill also said:

> To refuse a hearing to an opinion, because they are sure that it is false, is to assume that their certainty is the same thing as absolute certainty. All silencing of discussion is an assumption of infallibility. Its condemnation may be allowed to rest on this common argument, not the worse for being common.

Yet again, I would quote the same author when he said:

> —though the silenced opinion be an error, it may, and very commonly does, contain a portion of truth; and since the general or prevailing opinion on any subject is rarely or never the whole truth, it is only by the collision of adverse opinions that the remainder of the truth has any chance of being supplied.

● (1450)

He continues:

> The worst offence of this kind which can be committed by a polemic is to stigmatise those who hold the contrary opinion as bad and immoral men. To calumny of this sort, those who hold any unpopular opinion are peculiarly exposed.

It is not just to call them bad or immoral, it is to call them defamatory; it is to call them irresponsible. We heard in the other place the Deputy Prime Minister accuse someone with whom he disagreed of being a racist. Mr. Nielsen had the good grace to retract, though not completely. We heard the Prime Minister, on Pierre Nadeau's show of September 4, make the same allusion, and I regret that he did not retract it.

Senator Flynn: Are you censoring them?

Senator Gigantès: I will paraphrase Voltaire and say—

Senator Flynn: You just said exactly the contrary.

Senator Gigantès: Senator Flynn, I lump you together with the Deputy Prime Minister and the Prime Minister and say that, if you disagree with me, I despise your view but defend to the death your right to proclaim it.

Senator Flynn: Ha, ha, ha.

Senator Gigantès: I will continue with John Stuart Mill.

Senator Flynn: Yes; resume.

Senator Gigantès: I shall. Thank you, senator. It is always extremely pleasant to have interruptions which cut the tedium of any presentation—

Senator Flynn: Yes, especially yours.

Senator Gigantès: —and bring discourse down to the level of Senator Flynn.

The disposition of mankind . . .

said John Stuart Mill,

> . . . whether as rulers or as fellow-citizens, to impose their own opinions and inclinations as a rule of conduct on others, is so energetically supported by some of the best and by some of the worst feelings incident to human nature, that it is hardly kept under restraint by anything but want of power; and as the power is not declining, but growing, unless a strong barrier of moral conviction can be raised against the mischief, we must expect, in the present circumstance of the world, to see it increase.

I do not think that things have changed much since John Stuart Mill wrote. When we of the Senate disagree officially with an expression of opinion and decide to investigate it through one of our committees, it is no light matter. It is one part of the Parliament of Canada carrying out such an investigation. This sort of investigation is intimidating, and I would like to quote one of my ancestors. Sophocles, in *Antigone,* has Haemon, the son of Kreon, say:

> The dread of thy frown forbids the citizen to speak such words as would offend thine ear.

Honourable senators, we should be particularly careful of the way in which we exercise any censorship through criticism of the Canadian Broadcasting Corporation and the National Film Board. We have developed something very precious in this country. It may be a solution to a longstanding dilemma on the ownership of means of communication. Private ownership often has not worked very well. Sometimes it has, but sometimes it has not. It has given us such dreadful examples of yellow journalism as *Midnight Express* and a whole collection of papers in Britain. State ownership has been as bad, if not worse, because it has even been dull. *Pravda* is one of the world's dullest newspapers. Ownership by trade unions has produced dull lectures on the virtues of trade unionism and scurrilous front pages with half dressed women.

The problem of the ownership of the means of communication, especially in a small country, is a difficult one. We have gone a long way towards solving this problem happily in this country. The Canadian Broadcasting Corporation systematically criticized the previous government, but it was allowed to continue. Oh, certainly, people complained, but it was allowed to continue. It is a remarkable achievement of restraint on the part of Canadian society that a group of its people on public salary may criticize the opinions of the majority, or at least of those in power. The National Film Board has done the same sort of thing. We must be very careful. This is a delicate sprout, this freedom of the press under government ownership. It is unique to Canada and to Great Britain. I reiterate that it is a great achievement which other countries do not have, and

I believe that we should be very careful of it. As for the defamation of any of our national heroes—and here I refer to Billy Bishop—their reputations stand like giant statues. The criticism of one particular film is no more than a few pigeon droppings on such a reputation. I regret that we have decided to go into this matter further and I will say so in committee.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, under the pretext of drawing our attention to the dangers of censorship, Senator Gigantès has just given us a lecture concerning a Senate decision, and that is totally improper and unacceptable. In any event, it contradicts what he has just said. We are used to that kind of lecture. We are prepared to listen to his editorial comments practically every day. We admire his culture, but to be honest his lectures get very boring after a while.

Senator Gigantès: Honourable senators, I want to thank Senator Flynn for his extreme kindness and his politeness. He is always telling me how I should behave. I appreciate that. I have really missed my father ever since he died. He would be about the same age as Senator Flynn if he were still alive. He would be a great asset for my culture and behaviour if he were here. Fortunately I have Senator Flynn, and I thank him from the bottom of my heart. I have a very filial attachment to you. Thank you.

Senator Flynn: Honourable senators, I would draw the senator's attention to the dangers inherent in giving lectures to others, not so much to the dangers of censorship.

The Hon. the Speaker *pro tempore:* Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered debated.

[*English*]

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Senator Marshall has asked me to inform honourable senators that the film on Billy Bishop entitled "The Kid Who Couldn't Miss" will be shown at 7 o'clock this evening, rather than at 8 o'clock, in Room 356-S.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 10, 1985

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

Prayers.

BANKING, TRADE AND COMMERCE

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE WITHDRAWN

Hon. Lowell Murray: Honourable senators, I ask leave of the Senate to withdraw the motion standing in my name, of which I gave notice yesterday, that the Standing Senate Committee on Banking, Trade and Commerce have power to sit at 3.30 next Tuesday afternoon. It was represented to me that that hour was inconvenient for quite a number of our colleagues. Therefore, with the co-operation of the witness, Governor Bouey of the Bank of Canada, we have rescheduled the meeting for 11 a.m., Tuesday, October 15, 1985.

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

Hon. Senators: Agreed.

Senator Sinclair: Is the chairman of the committee a fan of the Blue Jays? Is that the problem?

Senator Murray: The problem, as the Honourable Senator Sinclair probably knows, is that the Liberal caucus meets on Tuesday afternoons at 3.30—perhaps to watch the baseball game.

If I may, I will take a moment of the time of the Senate to say a word about the schedule of meetings of the committee next week. As I mentioned, at 11 o'clock on Tuesday morning we will hear from Mr. Bouey, the Governor of the Bank of Canada. On Wednesday afternoon at our usual time, 3.30 p.m., we will continue with our study of the green paper on the regulation of Canadian financial institutions. We will be hearing from the Trust Companies Association and from Royal Trust. At 8 o'clock Wednesday evening, we will resume the pre-study of the Canadian Commercial Bank Bill, C-79, and our witness will be Mr. Allan Taylor, the President of the Royal Bank. I would also ask members of the committee to be available for 9.30 a.m. Thursday morning against the possibility that we will have before us another witness to testify in respect of Bill C-79.

Motion withdrawn.

ADJOURNMENT

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

That when the Senate adjourns today, it do stand adjourned until Tuesday next, October 15, 1985, at 2 o'clock in the afternoon.

Hon. Henry D. Hicks: Honourable senators, could I make a suggestion to our friends opposite? Since Monday is a holiday, those of us who do not go home until Friday may find it rather inconvenient to return for 2 o'clock in the afternoon next Tuesday. I have a speaking engagement in Toronto, so I will not get home until Friday. I will have no services in my office in Halifax on Monday. It would be a great convenience if on this occasion the Senate could resume on Tuesday evening instead of Tuesday afternoon because I could then have the whole of Tuesday in my office. By that date it will have been eight days that I have not been in my office.

Senator Doody: I appreciate very much the honourable senator's concern and his problem, but if we get to a point where we have to try to accommodate individual senators and their office hours and the times that they are available to answer telephones and so on, we are going to have a very disorganized operation here. I certainly sympathize with the honourable gentleman and I understand exactly what he is saying, but at this point I do not think we can change the rules for the schedule of sitting at such short notice for an individual senator, no matter how deeply esteemed and dear to our collective hearts he is.

Motion agreed to.

[*Translation*]

THE HONOURABLE AZELLUS DENIS, P.C.

TRIBUTES ON FIFTIETH ANNIVERSARY OF ELECTION TO PARLIAMENT

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, before Question Period, I would like to draw the attention of the Senate to an event that took place on October 14, 1935.

On that date, one of our colleagues, Senator Denis, was elected to Parliament for the first time. Next Monday, October 14, 1985, marks the fiftieth anniversary of his election as a Member of Parliament, and I could not let this occasion pass without mentioning it here.

As we all know, some short notes on his career published in the Canadian Parliamentary Guide mention that he served in the army as a major in the Second Reserve Battalion, Chateauguay Regiment.

He was elected to the House of Commons for the first time in the general election of 1935 and represented Canada at a number of international Commonwealth conferences. He was

re-elected in 1940, 1945, 1949, 1953, 1957, 1958, 1962 and 1963.

He is truly invincible. He was sworn in as a Member of the Privy Council and appointed Postmaster General on April 22, 1963. He was appointed to the Senate on February 3, 1964. His political affiliation . . . is known, and, in concluding, as I said before, I would not want to let this occasion pass without saying a few words, and I wish to offer him our sincere congratulations.

Hon. Duff Roblin (Leader of the Government): Honourable senators, like all my colleagues, I am very happy to extend our cordial congratulations to our distinguished colleague, Senator Denis, on this happy occasion that crowns an unparallelled parliamentary career.

[*English*]

I am happy indeed to join with my honourable friend opposite as I know all members of the Senate are in this expression of congratulation to our colleague, Senator Denis, on this extraordinary occasion. Fifty years—good gracious—as a parliamentarian and politician certainly is a record that very few of us will be able to match although there might be some of us around here who will reach that significant anniversary.

It is a pleasure to recognize Senator Denis' distinguished contribution to public life and I know that all members of this chamber look forward to being his colleague for many, many years to come. I hope that on his sixtieth anniversary I may be here to congratulate him.

Hon. Senators: Hear, hear.

[*Later:*]

Hon. Azellus Denis: Honourable senators, I rise on a question of privilege. I was not present when honourable senators spoke kindly of me regarding my 50 years in public life. Unless I say a word, people might think I am dead. Honourable senators are lucky in that had I known they were going to comment on my years in parliamentary life, I would have prepared a one-hour speech to thank them for their kind remarks.

Being in public life for 50 years might seem like a long time, but having good friends on both sides of the chamber, as well as in the House of Commons, has made those years fly by. It has not been that long, after all. I thank you for thinking about me. I have spent many wonderful years with all of you.

It is nice to know that I have made friends from all over Canada. I did not know that a person who was born in the small parish of St.-Norbert, compté Berthier, in Quebec, could make friends with people from Newfoundland, Vancouver and even Ontario. It is good to think about that. It is a good souvenir that I will remember for all time.

At the same time, during those 50 years of public life I lost many good friends, either because they were defeated, or because they did not wish to run again, or because of some unpleasant circumstance. I lost Conservative as well as Liberal friends. I remember Grattan O'Leary and also Mr. Holowach, a member of the Social Credit Party in the other place. I am sorry about that but, after all, there are still many good friends who make life worth living.

Hon. Senators: Hear, hear.

QUESTION PERIOD

[*Translation*]

BANKING

CONFIDENCE IN SYSTEM

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. It relates to a very important issue of which we are all aware, the stability of our banks. I would think that we in the Senate have certainly not attempted to create an atmosphere of panic.

I want to give the Leader of the Government in the Senate an opportunity to comment eventually on the remarks made by Mr. Claude Lanthier, the Parliamentary Secretary to the Minister of Finance, during a radio interview earlier today.

Here is one question concerning the situation of the banking system in Canada: "Things are going very badly in the Canadian banking system, no?"

The answer was: "No, things are not that bad. It is the consequence of the citizens' new awareness of their banking institutions."

The next question was: "What do you mean?" And Mr. Lanthier replied: "Well, in the old days people used to say 'solid as a bank'. But they have come to realize that banks can collapse like other financial institutions. So the people recover and ponder over the situation. All the banks will tell you the same thing. All major banks, our large and solid banks had to answer questions from their clients. I think there is something sound about this awareness on the part of the people. People will realize that there are risks in everything, perhaps smaller risks in some institutions, but there are risks everywhere."

I point out to the Leader of the Government that I want to give him an opportunity to comment on this, because it will probably be reported in today's newspapers. But first perhaps you might take this opportunity to make a government statement about this atmosphere of risk and uncertainty.

• (1410)

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think that members of the Senate will appreciate as much as any group in the country, that confidence is of the essence in anything relating to financial institutions of any sort anywhere, and I am happy to say that over the years the Canadian banking system has received, indeed, has deserved to receive, the confidence of the people who have entrusted their money to those banks. That is not to say, as we already know only too well, that there are not problems and that certain

banks under certain circumstances run into problems, because we have two such instances in front of us and there is no sense in ignoring that fact. I have no hesitation in expressing my sincere conviction that the Canadian banking system is a sound banking system, that it deserves the confidence that people place in it when they put their money in the banks, and I hope that that atmosphere of confidence will be reinforced by the steps that are being taken now to deal with the problems in the system.

Senator Frith: Honourable senators I have no further comment to make on the declaration made and the position taken by the Leader of the Government which, of course, we encourage in the hope that the situation that is presently before us regarding two of our banks is the end of the problem, although that problem itself needs substantial investigation. It is on that subject, the Leader of the Government will recall, that last night the Minister of State (Finance) and her advisers indicated that they would be giving me an answer to the questions I had asked in order to prepare ourselves for questioning her and others at our committee hearings on the pre-study.

CANADIAN COMMERCIAL BANK AND NORTHLAND BANK—AVAILABILITY OF NAMES OF UNINSURED DEPOSITORS

Hon. Royce Frith (Deputy Leader of the Opposition): The Leader of the Government will also recall that I asked the Minister of State (Finance) about the question of the identification of the depositors. She was most forthright on the subject and said, as I recall it, that, when balancing the tradition of confidentiality against the right of the taxpayers to know to whom payments were being made, she felt that the tradition was more important. I ask the Leader of the Government if he will urge her to reconsider that question and try to persuade his colleagues that, before the Senate is asked to approve a payment by the taxpayers of amounts beyond the insured amounts, which is the purpose of this bill, the persons to whom the *ex gratia* payments are going to be made should be identified. We should not have to tell the taxpayers that we recommended the spending of up to $1 billion, and perhaps even more of their dollars, on repayments to what would amount to masked depositors whose names we do not know, saying that we only know their categories. Would he urge the Minister of State (Finance) to change that policy so that, when we actually have to pass this bill, we can explain to the taxpayers to whom the *ex gratia* payments were made?

Hon. Duff Roblin (Leader of the Government): Honourable senators, my friend has put his finger on a very difficult and sensitive question. It is perfectly true, in my opinion, that there is room for differences of opinion as to what the right course to follow ought to be. The tradition in Canada has been to preserve this confidentiality and, although I am not a legal expert and may be incorrect in this, I think the Bank Act implies, at least, that this confidentiality exists.

This is a unique situation which was probably not contemplated when the Bank Act was written, and that is the reason I think there is room for a legitimate difference of opinion as to the course that ought to be followed.

I believe the minister made it clear last night that she was willing to give the committee a considerable amount of information as to who was involved by means of breaking it down, not only in terms of the nature of the organizations which are being covered, but also in terms of their geographic location. So, there would be some information. Even the geographic location aspect of the matter will require interpretation, I suspect, because, while an organization might be located outside the country, for example, its investment in Canada might be for Canadian purposes. It is obvious that there are a number of complications here.

The minister's conclusion last night was that, on balance, with all things considered, she would be inclined to hold her ground on that position. However, I should observe that the matter is before an inquiry which will be held by Mr. Justice Estey, and it may very well be that he will have a different view of the matter, in which case the situation will have to be reviewed in light of those circumstances.

I do not think I can go beyond the minister's statement at the present time.

CANADIAN COMMERCIAL BANK—BAD LOANS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on the same general subject, the Hitchman report has now become a public document, as the minister described it last night in her evidence before the committee. That report has a great deal to say about the CCB loans and describes many of them as worthless, or very bad loans.

I ask the Leader of the Government if there is any hope that we will get a list of those bad loans.

• (1420)

Hon. Duff Roblin (Leader of the Government): This, too, is a matter which is before the Estey commission. I would expect that the question as to publication of the loans will be adjudicated on by Mr. Justice Estey. I have no information at the present time as to whether or not there is any real bar to disclosing those names, but I would not like to comment on that because I am not ready to deal with it.

I think that all of those matters, since they are being inquired into by the Estey commission, will be covered in an authoritative statement by Mr. Justice Estey.

Senator Frith: The Leader of the Government will, I am sure, recognize—I hope he does—that his answers regarding the Estey commission would be quite relevant and apropos if we had any hope that the commission would report before we are asked to pass the legislation involving the spending of the taxpayers' money. But Mr. Justice Estey, of course, does not have to do that.

If we can have the Estey report before we are asked to pass this bill, then I think the answers are quite satisfactory.

Senator Roblin: I remind my honourable friend that we have a committee of the Senate which has been meeting to discuss these matters. If he wants to debate the issues, that is a good forum in which to do so.

Senator Frith: That does not really answer my concerns, because I asked for that information at a meeting of that committee and was told that the Estey commission has it. When I asked about the loans, I was told that the Estey commission has that information also. Those are good answers, if we are not going to be asked to pass the bill until we receive that information.

If we are not going to receive answers from the Estey commission before we pass the legislation, then we should get them in the committee. I agree with that, but the trouble is that when that information is asked for at a meeting of the committee, we are told to wait for the Estey commission.

Senator Roblin: The government intends to proceed with Bill C-79—which I think we are starting to debate now, and I do not wish to do that—as fast as it can. What the Senate does with the bill when it receives it is its own business.

CANADIAN COMMERCIAL BANK AND NORTHLAND BANK—REPLIES TO QUESTIONS

Hon. H. A. Olson: I have a supplementary question for the Leader of the Government in the Senate. There is a troubling aspect to the replies that have been given by the Leader. It seems to me that he has been attempting to put the qualifications of the Estey commission above the capability of the Senate to ask for certain information. I certainly hope he is not implying that somehow the Estey commission can get that information, but the Senate must wait until the commission receives it and that we cannot ask for that information directly.

Hon. Duff Roblin (Leader of the Government): I hope that my honourable friend does not have that view of my position. My position is that the committee of this house can do as it darn well pleases in respect of this matter, regardless of what is going on in the Estey commission.

Senator Frith: Will the government co-operate?

Senator Olson: I agree, but why do the answers to the questions asked previously depend on whether or not the Estey commission receives a certain document or certain information that is relevant to the reference made to the committee?

Senator Roblin: I agree that the committee can do what it likes about this matter. The Estey commission is the third ring in the circus and is quite independent of the Senate, just as the Senate is quite independent of it, in a sense.

PAYMENTS TO UNINSURED DEPOSITORS—GOVERNMENT POLICY

Hon. Stanley Haidasz: Honourable senators, I have a supplementary question to those asked by Senator Frith. Can the Leader of the Government say whether the payments to the many uninsured depositors of the two banks that failed recently in western Canada is a precedent for payments to other uninsured depositors should any other Canadian banks go bankrupt?

[Senator Roblin.]

Hon. Duff Roblin (Leader of the Government): Honourable senators, the minister dealt with that question in her appearance before the committee last night.

Senator Haidasz: I have a further supplementary question. Has the federal government decided that the *ex gratia* payments to the uninsured depositors of those failed banks will be a taxable item for income tax purposes?

Senator Roblin: Honourable senators, if my honourable friend wishes to get answers to those questions, if he attends the committee we will be glad to furnish them.

Senator Haidasz: As a further supplementary question, will the Canadian taxpayers, who will be footing the bill for uninsured depositors, be able to deduct such amounts as they are required to pay as a loss, for income tax purposes, because of the huge amounts that we are giving to the uninsured depositors?

Senator Frith: Or as a charitable donation.

Senator Roblin: I think the Canadian taxpayer in this respect will be on all fours with his position with respect to Canadair and the $1.2 billion that was provided to support that company.

AGRICULTURE

WESTERN CANADA—EFFECT ON HARVEST OF ADVERSE CLIMATIC CONDITIONS—GOVERNMENT ASSISTANCE

Hon. H. A. Olson: Honourable senators, I wish to pose a question to the Leader of the Government arising out of the serious, severe and deteriorating condition of the harvest in western Canada, because of snow storms and other climatic conditions that obviously have delayed that harvest, perhaps, in some cases, until the spring.

The other day he agreed—and I appreciate the fact that he did—that he would resubmit the question concerning the assistance program that the federal government will be bringing forward. Certainly the reply indicated that it was dependent on the harvest being completed before an assessment could be made of the situation. Since then the harvest has deteriorated further because of the snow storms. The Leader of the Government may not have the details today, but can he give us any information about the assistance program that will be put into effect? Can he give us a date on or before which the government intends to make the announcement? I sincerely hope that he can do that today. After all, today is October 10 and it will be October 15 before we come back to Parliament after the weekend. Some of those people would like to know if there is to be a program of any substance or not.

Hon. Duff Roblin (Leader of the Government): This question was raised with his usual force and eloquence by Honourable Senator Argue yesterday and I must give the same answer that I gave him: I expect that an announcement will be made soon.

Senator Olson: Honourable senators, may I do what opposition members usually do, and ask for an interpretation of "soon"?

Senator Roblin: My honourable friend, Senator Argue, got an interpretation of "soon" yesterday. I commend you to my friend.

• (1430)

UNESCO

GENERAL CONFERENCE, SOFIA, BULGARIA—COMPOSITION OF CANADIAN DELEGATION

Hon. Eymard G. Corbin: Honourable senators, my question, of course, is to the Leader of the Government in the Senate. I hold in my hand a communiqué from the Canadian Commission for UNESCO dated October 8, 1985, and if I may I will very briefly quote from that communiqué:

> The newly appointed Canadian delegation to the UNESCO General Conference, to be held this year in Sofia, Bulgaria, October 8 to November 12, will face the greatest challenge of any Canadian delegation in the 40-year history of the world body, according to Dr. James M. Harrison of Ottawa, president of the Canadian Commission for UNESCO.

Honourable senators, when I turn to page 2, I notice that, out of the 21-member delegation, the Secretary of State for External Affairs has appointed four members of the House of Commons, namely Gabriel Desjardins, Louis Plamondon, Benno Friesen and Jean-Luc Joncas. I have, of course, no objection to the appointment of members of the other place to such a delegation. However, why is it that this is very much a one-party group of members of Parliament? Also, why is it that the names of no senators, male or female, appear on this list? I would like to know whether the Secretary of State for External Affairs has considered naming at least one member of the Senate to participate in that conference. I do not really care whether that senator is Tory or Liberal, but I think it is important to have a member of this house at that conference in order that he can report back to us, because the very future of UNESCO is involved. The government has pledged to make known publicly its decision with respect to UNESCO before December 31 of this year.

I draw this matter to the attention of the government leader and, indeed, to all members of the Senate because I think that, in a certain way, this house has been slighted by the manner in which the delegation has been chosen.

Hon. Duff Roblin (Leader of the Government): I am sure there has been no intention to slight the Senate. It is true that the delegation will be going to Sofia for several days later on this year and that a good deal depends on the reforms that will be approved or announced at that time. However, I will take my friend's question as notice.

THE SENATE

COMMITTEE MEMBERSHIP OF CABINET MINISTERS IN THE SENATE

Hon. John M. Godfrey: Honourable senators, as was my question yesterday, my question today is directed to the chairman of the Standing Rules and Orders Committee. It is inspired by the adoption yesterday of new rules in the House of Commons which emphasize the independence of committees in that house. I will be a little lengthy in my preamble but, as I will be quoting with approval certain speeches of Senator Flynn and Senator Roblin, I am sure that senators on the other side of the house will bear with me. I promise that there will be a question at the end.

This question concerns the matter of cabinet ministers serving on committees. Back in 1980, the government proposed that Senator Argue and Mr. Roberts, both cabinet ministers, serve as members on the Joint Committee on the Constitution. At that time there was the following exchange in the Senate:

> **Hon. John M. Godfrey:** Honourable senators, is there any precedent for a cabinet minister sitting on a committee like this?
>
> **Senator Frith:** I believe, honourable senators, there are many precedents, and I would be glad to table a list of precedents for the presence of cabinet ministers on committees.

I might say that two years later I brought this question up in connection with Senator Austin's continuing membership of the Banking, Trade and Commerce Committee, and at that time an opinion was obtained from Mr. du Plessis, the Parliamentary Law Clerk, which pointed out that under our rules there was nothing wrong with cabinet ministers being members of a committee, and appended to that opinion was a list of cabinet ministers who had actually been members of Senate committees. The latest one was Senator McCutcheon, back in 1962 and 1963; before that was Senator MacKinnon, in 1949-1950; and prior to that, Senator Meighen, from 1932 to 1935.

Insofar as the House of Commons is concerned, there has been no cabinet minister on a committee since Mr. King's day in 1948.

Going back to the proceedings in 1980, Senator Flynn intervened with the following remark:

> Honourable senators, I would join with Senator Godfrey's remarks regarding Senator Argue's being on the committee. He is a minister of the Crown and, as such, he is bound by cabinet solidarity. He is in no position to voice any independent opinion. I am appalled at the suggestion that he be a member of the committee.

And he made the same statement again. Senator Perrault was asked about this when he was government leader in the Senate, and he said:

> Honourable senators, all of the Senate members who participate in those committee activities will be operating according to conscience.

And that brought forth a speech from Senator Roblin in which he said:

> I am completely at a loss to understand the explanation of the leader of the house that that honourable gentleman will operate according to his conscience.

> I am sorry to say that that is not the rule in connection with members of the cabinet. I am sure they have consciences. I have been a member of cabinet on occasion and I guess I had a conscience, but I knew perfectly well that cabinet solidarity came first, because, if at any time my conscience could not stand what the rest of the cabinet proposed to do, I had an easy remedy, and that was to resign.

The Hon. the Speaker *pro tempore:* I think your preamble has gone on much too long. You should be ready to put your question.

Senator Godfrey: I could speak to this matter by way of a notice of motion. To do so in this fashion I thought to be a demonstration of the flexibility of the rules of the Senate. I will not be much longer.

Getting back to Senator Roblin's remarks, he went on to say:

> But until such time as resignation took place, I was bound by convention and by all the traditions of Parliament to observe the principle of cabinet solidarity.

And I will not go on.

Senator Roblin, as the Leader of the Government in the Senate, is a member of the cabinet, and I must say that he has behaved impeccably, as far as I am concerned. He has not intervened in any committees. Certainly he may attend a committee meeting in person, as he did last night. At the committee last evening he sat and listened to the proceedings and then, at 10.25 p.m., made one of the most valuable suggestions of the evening, that being that we adjourn at that point.

However, the principle remains. Former Leaders of the Government in the Senate—and I am referring specifically to my friend Senator Olson—had a different concept. Senator Olson felt that, as a cabinet minister and Leader of the Government in the Senate, it was his duty to attend committee meetings for the purpose of putting the position of the government to the committee, and even to try to persuade the committee not to go into certain matters.

As well, I am thinking of the future in raising this matter.

I now come to my question. Finally, my question!

Some Hon. Senators: Hear, hear.

Senator Godfrey: My question to Senator Molgat is: Would you have your committee look into the question of whether or not senators who are cabinet ministers, including the Leader of the Government in the Senate, should be members of Senate committees?

Senator Marshall: A short answer: Yes or no.

Hon. Gildas L. Molgat: I would be delighted to put the matter before the committee. The answer is: Yes.

[Senator Godfrey.]

BANKING

CANADIAN COMMERCIAL BANK AND NORTHLAND BANK—DELAY IN INSTITUTING INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, my question is for the Leader of the Government in the Senate.

On March 14 last, the Canadian Commercial Bank approached the government, telling the government that it was in trouble. On March 25, 1985, a bailout was arranged. On May 22, two months later, the Honourable Barbara McDougall, Minister of State (Finance), met with Mr. Hitchman, whose report made the headlines today, and asked if he would become a CCB director. He refused, saying that he did not know enough about the bank's operations or assets. It was not until a month later, on June 22, that the Honourable Minister of State (Finance) asked Mr. Hitchman to look into those assets and to make a report.

• (1440)

Could the Leader of the Government tell us the reason for this delay from March to June? Why, after a bank informs the government that it is in trouble, does it take three months to appoint someone to look at the real situation?

Hon. Duff Roblin (Leader of the Government): I am pleased that my honourable friend is taking an interest in this fascinating topic. I suggest that, if he attends the meetings of the committee, he may pose his questions and get the answers he seeks.

[*Later:*]

Senator Gigantès: I beg the indulgence of honourable senators. As they are aware, I am still new in this venerable chamber, where others have been sitting much longer than I. Am I to understand, from the answer I received earlier from the Leader of the Government, that when an issue is before a committee of the Senate, questions on that issue are foreclosed on the floor of the Senate?

Senator Roblin: I do not think that any matter is foreclosed on the floor of the Senate. I am merely trying to be helpful to my honourable friend by telling him where he can get the best answers.

AGRICULTURE

WESTERN CANADA—EFFECT ON HARVEST OF ADVERSE CLIMATIC CONDITIONS—GOVERNMENT ASSISTANCE

Hon. H. A. Olson: Honourable senators, a few moments ago the Leader of the Government said that I could rely on the same interpretation of "soon" as Senator Argue did yesterday. I checked the *Hansard* of yesterday and I see that Senator Roblin said:

> My honourable friend can make whatever assumptions he likes about "soon".

There is no interpretation to be taken from that, I suppose, so I ask the government leader—and I ask this very seriously—if he can tell us when these people, who are desperately in need of knowing what the government will do, can expect that

information. Perhaps he could be a little more specific than simply saying "soon".

Hon. Duff Roblin (Leader of the Government): This question has arisen on a number of occasions. From the very beginning, I have undertaken to urge my colleagues to come to as speedy a determination of this matter as is possible. My honourable friend will probably be aware that the report of the special committee that has been looking into this problem has been rendered to the government in the last day or so. I expect that he will have an answer—again I have to say "soon". It is quite impossible for me to specify it more closely than that.

[*Translation*]

MULTICULTURALISM

MINISTER'S COMMUNIQUÉ—DISPARITY BETWEEN FRENCH AND ENGLISH VERSIONS

Hon. Eymard G. Corbin: Honourable senators, I have here a communiqué dated October 4, 1985, released under the authority of the Minister of State for Multiculturalism with the following heading:

> M. Jelinek félicite le président et le vice-président du comité mixte pour le multiculturalisme.

The expressions "comité mixte" and "comité parlementaire mixte pour le multiculturalisme" appear in three different paragraphs throughout this communiqué.

First, I wondered what sort of animal this could be. Had the Senate agreed with the House of Commons to set up a joint committee? Had we been asked by the House of Commons to participate in such a committee? Then I compared the French version to the English text, and I realized that the latter mentioned not a joint committee on multiculturalism, but the "Standing Committee on Multiculturalism".

It is not really a serious matter, but somebody here is taking the Senate for a ride. Is the Senate involved in a joint committee or not? The right hand should know what the left hand is doing so that they both agree on sending out the same message to the press, in order to avoid any confusion.

I make this comment by way of a question to the government leader, that he may ask the responsible minister to make sure from now on that the message of both versions is the same. That such a joint committee might be set up eventually, it is all right with me, but for the time being, it just does not exist, as far as I know.

[*English*]

Hon. Duff Roblin (Leader of the Government): In response to the question posed by my honourable friend, may I say I agree with him.

JUSTICE

CANADA COMMISSION OF INQUIRY ON WAR CRIMINALS—DESTROYED FILES—GOVERNMENT ACTION

Hon. Stanley Haidasz: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. In view of the startling revelation yesterday at the Deschênes Commission of Inquiry that files of the Department of Employment and Immigration were destroyed in 1982, at a time when the federal government was beginning its investigation into the possibility that Nazi criminals are residing in Canada, can the Leader of the Government tell us whether the present Minister of Justice or the Solicitor General of this government have begun any action to find out why these files were destroyed?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will take that question as notice.

BANKING

CANADIAN COMMERCIAL BANK—COMMITTEE STUDY—REQUEST FOR ANSWERS

Hon. Peter Bosa: Honourable senators, the Minister of State for Finance appeared before the Standing Senate Committee on Banking, Trade and Commerce last evening, October 9, 1985. On that occasion, I put to her a question as to how much capital would have been required to inject into the Canadian Commercial Bank and the Northland Bank in order to make the two financial institutions viable as opposed to liquidating them. She took the question as notice. Because we do not know when the minister might next appear before the committee, would the Leader of the Government in the Senate undertake to provide that answer on the floor of the house?

Hon. Duff Roblin (Leader of the Government): I really do not think that I should undertake to do this. The committee is seized of the matter. I think that, as a matter of courtesy, I ought to allow the committee to proceed with its business. After that committee has finished its inquiry and has reported, if there is to be further discussion of the matter, let it take place then.

CRIMINAL CODE

BILL TO AMEND—REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ADOPTED

Leave having been given to revert to Reports of Committees:

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, October 10, 1985

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

FOURTH REPORT

Your Committee, to which was referred the Bill C-77: "An Act to amend the Criminal Code (pari-mutuel betting)", has, in obedience to the order of reference of

Wednesday, October 9, 1985, examined the said Bill and now reports the same with the following amendment:

Page 3, Subclause 1(7): Strike out lines 26 to 32 and substitute the following:

"(c) prescribing the *maximum* percentage that may be deducted and retained pursuant to subsection (6) by or on behalf of a person or association operating a pari-mutuel system of betting in respect of a horse race in accordance with this section and providing for the determination of the percentage that each such person or association may *deduct and retain*; and"

Respectfully submitted,

JOAN B. NEIMAN
Chairman

● (1450)

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

Senator Neiman: With leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Senator Neiman: Honourable senators, thank you for agreeing to consider the report now. You will recall that Bill C-77 was given second reading yesterday afternoon, the motion for second reading being moved by Senator Nurgitz. As he pointed out in his brief speech, it received speedy consideration in the other place and was sent to us immediately because there appears to be considerable pressure to have the bill receive Royal Assent within a reasonably short period of time for reasons that are apparent in the bill.

The bill amends the Criminal Code to permit betting at Canadian race tracks on certain stipulated races at what we might call foreign tracks. Although certain matters dealt with in the bill are under the jurisdiction of the Department of Agriculture, because it is responsible for administering race tracks, the bill itself actually contains amendments to the Criminal Code. We had little problem approving the general thrust of the bill. Certainly everybody in the racing fraternity is anxious to have this amendment made.

When we considered the bill this morning in committee I had one problem with it. That was because in clause 1, paragraph 1, it permits the Minister of Agriculture or a person designated by him to determine the foreign race tracks on which there will be separate pool betting. The particular aspect of that which was of some concern to me was that, although we were shown a draft schedule to the Criminal Code that contains the proposed regulations following from these clauses that are in the bill, what I consider a substantive provision was the permission which is given to the Minister of Agriculture and which apparently can be delegated by him to someone in his department to determine the actual number of foreign races on which bets can be placed. In other words, although it is specified in these regulations, as it would seem they will now be passed, that the maximum number of races which can be bet on within any one association is 40, the minister or his delegated official will have the opportunity to vary this number and perhaps increase it indefinitely if he so desires. That is because this number is set out only in the regulations. There are very practical reasons why this probably will never happen, but I was somewhat concerned that this was the kind of delegated authority which should be circumscribed to some extent or set out a little more clearly within the body of the Criminal Code and not simply left to regulations.

However, it is probably a question that the Joint Committee on Regulations and other Statutory Instruments can examine at a future date.

The amendment is really a housekeeping one that was overlooked in the other place. They had intended to make the amendment as the bill was being considered there, but it went through with such dispatch that they forgot about it. We have been good enough to agree to making the amendment here. The amendment was proposed by Senator Nurgitz in committee this morning and it really changes the wording of only one subclause to insert a couple of words for greater certainty and to make it conform to the regulations that now pertain to this particular kind of activity.

I am satisfied with the bill as amended, and I would recommend its passage.

Motion agreed to and report adopted.

THIRD READING

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

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill, as amended, be read the third time now.

Motion agreed to and bill, as amended, read third time and passed.

The Senate adjourned until Tuesday, October 15, 1985, at 2 p.m.

THE SENATE

Tuesday, October 15, 1985

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

Prayers.

CRIMINAL CODE

BILL TO AMEND—CONCURRENCE BY COMMONS IN SENATE AMENDMENT

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons to acquaint the Senate that they had agreed to the amendment made by the Senate to Bill C-77, to amend the Criminal Code (pari-mutuel betting).

CONDOMINIUM ORDINANCE VALIDATION BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-73, to validate certain ordinances of the Yukon Territory and the Northwest Territories.

Bill read first time.

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

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

QUESTION PERIOD

[*English*]

BANKING

MERCANTILE BANK—POSSIBILITY OF MERGER—GOVERNMENT INVOLVEMENT

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, we have been told over the weekend by the senior officials of the Mercantile Bank that an effort is being made to bring about a merger. I wonder if the Leader of the Government is in a position to give us any information on whether the Inspector General of Banks, or officials of the Department of Finance, or the ministers of finance have been involved in these discussions recently.

Hon. Duff Roblin (Leader of the Government): Honourable senators, it is true that there have been newspaper reports on this subject. However, I think it would be unwise for me to comment on the reports or to try to enlarge on the area of discussion until the situation is a little clearer.

Senator MacEachen: Can the Leader of the Government tell us whether Citibank has sought authority or co-operation from the Government of Canada to conclude a merger with the Mercantile Bank?

Senator Roblin: I can report to my honourable friend that, in the committee this morning, the Governor of the Bank of Canada gave a very strong assurance that the Mercantile Bank was a solid bank and that there is no problem of that kind in connection with it.

As I said on another famous occasion, I hope that information is correct, but as far as the inquiry that my honourable friend has made is concerned, I think that is a matter on which I should not comment at the present time.

Senator MacEachen: I will leave it to the Leader of the Government in the Senate to decide what he thinks it is possible to let us know about the matter. However, at some point we will be asking him to tell us whether Citibank has made a request and has sought the co-operation of the Government of Canada to merge with the Mercantile Bank; whether the Government of Canada has offered its co-operation or whether it has withheld that co-operation and, if so, for what reasons.

Senator Roblin: I understand my honourable friend's question and I am glad that he has given me a little leeway before I have to give him the information that he seeks.

STATUS OF WOMEN

ARMED FORCES PERSONNEL—RESTRICTION OF SPOUSES' ACTIVITIES—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, I wonder if the Leader of the Government in the Senate could enlighten us on a matter which is not new. A letter was written by the Minister of National Defence on March 28, 1985, concerning the activity of a group of women on armed forces bases in Alberta. In that letter the minister denied a group of military wives the right to meet to discuss such things as the placing of a traffic light, a dental care plan and other social issues. In that letter, the minister referred, apparently, to the Queen's Regulations and Orders Article 19.44. I wonder if the Leader of the Government in the Senate could explain the position of the government and of the Minister of National Defence on this matter.

Hon. Duff Roblin (Leader of the Government): My honourable friend is right. This matter has been the subject of some comment, both in public and in Parliament. I can tell my

honourable friend that the Minister of National Defence is reviewing the situation to see what his recommendations should be. I do not believe his consideration has been completed as yet.

Senator Marsden: Perhaps the Leader of the Government in the Senate would comment on the extent of the authority of this regulation. For example, if husbands of members of the armed forces were meeting to discuss similar matters, would that regulation also apply to them?

Senator Roblin: I think I can make my honourable friend happy by telling her that those are precisely the considerations before the minister now.

AGRICULTURE

WESTERN CANADA—EFFECT ON HARVEST OF ADVERSE CLIMATIC CONDITIONS—GOVERNMENT ASSISTANCE

Hon. H.A. Olson: Honourable senators, I wonder if I can ask the Leader of the Government in the Senate essentially the same question I asked last week and the week before, that is whether the government has decided on a program of assistance, first, to those farmers in western Canada who have been struck by the drought, and now, perhaps, to some others who are in an equally difficult position because of the effect on harvesting of adverse weather conditions.

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend that there are indeed two problems now. One has to do with the drought and the other has to do with the recent unseasonable snowfall in western Canada. There may, in fact, be others as well.

The Minister of Agriculture dealt with this question in the other place the other day and I am glad to tell my honourable friend that, as I reported to him last week, the matter is receiving urgent consideration. I expect an answer within a few days.

Senator Olson: Honourable senators, I take it, then, that the government has changed its thinking on the time element. In other words, they are no longer awaiting the completion of the harvest before taking a decision on the action to be taken. Is it now their intention to go ahead and announce a program before the harvest is completed?

Senator Roblin: I am sure you see the difficulty the government is in. If it had produced a plan before the snowfall of last week, such a plan would probably have been quite different from that which the government must now produce because events have changed.

My honourable friend also knows that in connection with crop insurance, at least in my province, we do not go out to assess these matters and deal with them until November 15, so the time element must be considered in connection with this matter.

I think the government stand will be that we will bring forth our proposal at the earliest possible practical moment.

[Senator Roblin.]

Senator Olson: I understand and appreciate my honourable friend's position, but I must remind him that a few days ago he said that the announcement of the government's program would need to await the completion of the harvest. I am asking him now—and he answered the question in part, but not altogether: Will they now proceed with the development and, perhaps, the announcement of the program even in advance of the completion of the harvest?

Senator Roblin: This point, obviously, interests my friend. When I made my statement, I was talking about the drought, in which case it was applicable. But now, of course, the situation has changed in that we have this additional problem of snow on the crop and we know perfectly well that some of it may not be harvested until next spring. Therefore, it is, obviously, no longer appropriate to stick to that timetable. We have to be pragmatic and respond to changing situations, and that is precisely what we are going to do.

Senator Olson: I have to remind my honourable friend that the appropriateness of the announcement at the time it was made was in question, as far as I was concerned, because, in case he, the Minister of Agriculture or the officials have not yet noticed, a large number of farmers in western Canada have crop insurance coming. There is no question about that, but some small amounts of harvesting are left to be done, and if the rules are going to be such that they cannot complete the assessment so that a payment can be made under the Crop Insurance Program until the very last bit of harvesting is done—knowing full well that it is under a snow drift now—I think that is extremely unfair. I am trying to get the minister to tell us that they are going to go ahead with that, but he continues to try to set up artificial barriers to completing the assessment. I know, if you take an unqualified position that you are not going to pay any crop insurance until the harvesting is done, several thousand farmers are going to have to wait until next spring; yet, the amounts involved are insignificant.

That is really all I am trying to get from the minister. I do not understand why he does not give me a straightforward answer on that question.

Senator Roblin: Honourable senators, I thought I had done so. I thought I had told my honourable friend that an announcement would be made in a very few days, which is obviously going to be before the harvest is completed. He cannot take yes for an answer.

Senator Olson: My honourable friend is having a little difficulty wriggling out of a situation he got himself into.

Senator Walker: Nonsense.

Senator Olson: What I want to have cleared up has to do with the fact that the instructions going out from the crop insurance people are to the effect that farmers should complete those assessments even in the areas where drought was a problem so that some of those farmers can get the money to which they are fully entitled after having paid for their crop insurance—notwithstanding a technicality that they could hang on and that harvesting has to be completed which, in some cases, will not be until next spring.

Senator Roblin: Now we are talking about another subject. We are talking about crop insurance.

Crop insurance, in my province, is administered by the Province of Manitoba, and it sets the timetable for examination of crops. At the present time, the date is November 15. That is out of my control.

With respect to these other matters, which are not in the crop control area, I have given my answer to my friend four times this afternoon. I do not mind doing it a fifth time, but it will be the last time.

Senator Olson: I take it that the honourable Leader of the Government is saying that there is going to be an announcement of the federal government's program to deal with these difficulties before harvesting of the crop is completed.

Senator Roblin: At last, the message got across.

Hon. Hazen Argue: Honourable senators, I should like to ask a supplementary question. Could the Leader of the Government tell us whether this announcement will deal exclusively with current conditions, or whether the announcement will also cover possible disasters of a similar nature in years to come?

Senator Roblin: My honourable friend has been a minister of the Crown and he knows perfectly well that it is not to be expected that he will get a partial answer to a question on which the government is going to give its definitive answer in due course. My friend will have to wait.

Senator Olson: The farmers have to wait, and that is not our fault.

• (1410)

CULTURAL HERITAGE AND NATIONAL IDENTITY

GOVERNMENT POLICY

Hon. Keith Davey: Honourable senators, approximately three weeks ago I asked the Leader of the Government in the Senate about the possible resurrection of the so-called Canadian edition of *Time* magazine. Comac Communications' proposal to purchase 75 per cent of *Time* Canada meets both the letter and the spirit of that part of the law. However, can the Leader of the Government in the Senate now confirm that Comac Communications' proposal simply does not meet the other legal requirement of 80 per cent Canadian content?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am not aware that any proposal whatsoever in this field has been made to the government. However, in order to satisfy my honourable friend, I will make special inquiries to make sure I am right.

Senator Davey: I have a supplementary question. Three weeks ago the leader said that he knew that I would pursue this matter to the bitter end, and I intend to do just that. I am also sure that the leader will recall that on that occasion both of us spoke favourably of the then Minister of Communications and his commitment to Canadian cultural integrity. My question is: Who is now in charge, and what is that person's commitment to Canadian cultural integrity in general, and to the Canadian magazine industry in particular?

Senator Roblin: The Secretary of State is discharging those responsibilities now, and the policy of the government has not changed.

CONSUMER AND CORPORATE AFFAIRS

SALE OF CANNED TUNA UNFIT FOR HUMAN CONSUMPTION—RESPONSIBILITY OF PROCESSOR'S PARENT COMPANY—GOVERNMENT POLICY

Hon. D. G. Steuart: Honourable senators, my question is for the Leader of the Government in the Senate. There have been two newspaper reports relating to the Star-Kist tuna affair, one in the Ottawa *Citizen* and the other in today's edition of the *Globe and Mail*.

To give honourable senators some background, the article in the Ottawa *Citizen* appears to praise the parent company of Star-Kist, the H. J. Heinz Company, for its dead silence on the question and its refusal to make any comment on the whole question of rotten tuna being foisted on the people of Canada, and says that was a good public relations policy because it stopped bad publicity leaking into the United States.

The second article appeared in this morning's edition of the *Globe and Mail*, and pointed out that one government inspector had finally broken the silence and said that there was evidence that the Star-Kist company, when the inspectors were coming, had switched lots of canned tuna so that they were inspecting good tuna when the lots for which they were substituted, in fact, contained bad tuna. If that is true, that was certainly an immoral, and, I am sure, an illegal act.

My question for the Leader of the Government is: Is the government prepared to take on the parent H. J. Heinz Company for this very blatant dereliction of its duty as a goods corporate citizen of Canada, and for this effort by an American company to—and I can put it no other way—pull the wool over the eyes of Canadians and to stonewall on what has happened and for its refusing to face up to its responsibility to do something about this serious situation?

Is the government prepared to pursue this matter and take on this large international corporation which, as appears from the press reports to which I have referred, seems not to be facing up to its responsibilities as a Canadian corporate citizen?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am sure that any company wishing to do business in Canada will have to face up to its responsibilities as a good corporate citizen of Canada, regardless of where its foreign origin may be. That is a "given" between my honourable friend and me, I am sure.

The inspector whose name was referred to in the article this morning was not a government inspector, as I understand it, but an internal inspector of the company who was engaged in this process.

The answer to my honourable friend's question is quite clear: The minister who is now in charge of fisheries has instituted an investigation into the whole of the inspection process, both within the department and within the company, and when that investigation is concluded, we may have more information.

Senator Steuart: I have a supplementary question. If, in fact, the inspector is a company inspector, that makes the situation even worse.

Senator Roblin: Exactly.

Senator Steuart: Senator Roblin has just agreed by saying "exactly." It is a dereliction of duty on the part of this company by obviously pushing a bad product on to the Canadian market, and then on the part of a minister of the Crown for letting it happen. I think the first responsibility has to be borne by the company that allowed this questionable product on to the shelves. We now hear that the parent company, the Heinz company, is evidently prepared to let this company go down the drain and let Canada suffer the consequences because it accounts for such a small share of their cashflow and their corporate assets. In addition, it has put the whole tuna industry from coast to coast in jeopardy. My question is: Is the government prepared to make these people pay in any way for what has happened? I am sure there are all kinds of ways that they could accomplish that.

Senator Roblin: I believe that the first duty of the government is to establish what the facts are. While the newspaper report may be perfectly correct, it may also be inaccurate, so we do not know that. The government is trying to establish the facts. When those facts have been established, if there has been any infraction of Canadian laws or if people have behaved as a corporate structure in a way that cannot be condoned, it will be the subject of government review.

Senator Steuart: I have a further supplementary question. The minister referred to, and I quote him, "establishing the facts." Can we expect that the government will face the facts in a more honest manner than they have faced the facts in this whole mess so far? Will they really face the facts—

Senator Flynn: It would be easier to do that than to do what you do.

Senator Steuart: —or will there be a cover-up? You are not involved, Senator Flynn, in the cover-up, but you would do a good job if you had a chance.

Senator Flynn: You are speaking of honesty.

Senator Steuart: Will they face the facts better than they have done in the past? If your conscience bothers you, Senator Flynn, I do not blame you because if I were a Tory I would be wiggling too.

Senator Flynn: It is not a question of being a Tory, but a question of being honest.

Senator Steuart: Honest? You can't spell the word.

Senator Flynn: I certainly can. I can't see it on the other side where you are.

[Senator Roblin.]

The Hon. the Speaker *pro tempore:* Order!

Senator Roblin: I have a hunch that my honourable friend, who is a man of experience with a temperate frame of mind, will really not wish to be recorded as one who has described the actions of the ministry as dishonest. He may think they are mistaken; he may think they are misguided; he may think they are ignorant. Those are all legitimate adjectives, but to say dishonest, I do not think so. The government will operate in the way that it does and always has done in an effort to be as candid and forthcoming on these issues as it possibly can be. It will continue to do that.

Senator Doody: Hear, hear. Good answer!

SALE AS PET FOOD OF CANNED TUNA UNFIT FOR HUMAN CONSUMPTION

Hon. Stanley Haidasz: Honourable senators, I should like to ask a temperate question of a minister of the cabinet who is also the Leader of the Government in the Senate. Can he assure this house that the tainted tuna removed from the shelves of our grocery stores will not be approved by the Department of National Health and Welfare for sale to Canadians as pet food?

Hon. Duff Roblin (Leader of the Government): It is not being recycled for human consumption. What is happening to it apart from that, I am not in a position to say, but I have no hesitation in saying that I will find out and let my honourable friend know.

SALE OF CANNED TUNA UNFIT FOR HUMAN CONSUMPTION—ALLEGED WRONGDOING IN INSPECTION PROCESS—SUGGESTED PROSECUTION

Hon. Roméo LeBlanc: Honourable senators, the Leader of the Government in the Senate has said that the tuna is not being recycled. How can he reconcile that with the statement of Mr. Dugas who was a quality control officer of the company and who resigned because, according to his statement, he could not professionally tolerate the actions of the company? According to him, the company would substitute quality product for a lot that had been ordered held back until further inspection took place, and would then reverse the substitution and on the second inspection that lot would pass. If that procedure was adopted by a responsible Canadian firm, whatever the origin of the parent company, can the minister assure us that prosecution will take place as provided for under the present regulations?

● (1420)

Hon. Duff Roblin (Leader of the Government): I think that the inspector in question will make a very good witness if the case comes to court.

SALE OF CANNED TUNA UNFIT FOR HUMAN CONSUMPTION—LABOUR UNION ACTION AT PROCESSING PLANT

Hon. L. Norbert Thériault: Honourable senators, I have a question which I direct to the Leader of the Government in the

Senate. In New Brunswick it has become common knowledge that some employees, of their own volition or otherwise, have appealed to the Labour Relations Board regarding the union that operates and has been operating in that plant. The Acting Minister of Fisheries has been talking about an inquiry into the entire question of the inspection of Canadian goods. That could be a very broad inquiry which could take a long time. Could the acting minister at this time assure the people of New Brunswick and of Canada that the first part of any such inquiry will be directed toward the subject matter to which I referred, so that the whole story can come out and so that some of the goings-on that have been reported from that plant can be made public?

Hon. Duff Roblin (Leader of the Government): I hope that I understand my honourable friend correctly. He wants us to get on with the question of looking into the inspection and the fisheries side of this thing as quickly as possible. If that is what he is asking us to do, I will certainly tell him that we will do our best.

Respecting the labour issue, it is quite a separate matter. I think my friend will find that that comes under the jurisdiction of the Government of New Brunswick rather than the federal government.

Senator Thériault: Honourable senators, I am not aware that the application for decertification is a provincial matter. That whole subject matter seems to centre around the fact that the employees who have spearheaded the movement for decertification are part and parcel of the problem that existed at that plant. If one follows what has been reported as happening at that plant over the past year, one will find, as stated in the press reports by Mr. Dugas, at least, that all the employees who were members of that union and who depended on it to protect their jobs found that those jobs were in jeopardy when they refused the foreman's instructions to can and process bad fish. Therefore, while it is true that, technically or legally speaking, the Leader of the Government is right, I am saying that, if the inquiry is properly conducted and if it is carried out at once, it could reveal a lot of other things that happened at that plant. I feel that the people have a right to know.

Senator Roblin: I do not disagree with my honourable friend. I think that that is what I said.

THANKSGIVING

CROSS-CANADA AID TO DISTRESSED SASKATCHEWAN FARMERS

Hon. Hazen Argue: Honourable senators, before proceeding to Orders of the Day, I wonder if I might have the indulgence of the Senate to refer to the red Delicious apple that I have in my hand.

Senator Roblin: Where is it from?

Senator Argue: It is from Osoyoos, British Columbia.

Senator Perrault: Hear, hear!

Senator Argue: It is from a semi-trailer load of apples which was donated by the generous citizens of Osoyoos to the farmers and their families who are living in the drought area. This semi-trailer arrived at our little hamlet of Ormiston yesterday morning with 924 boxes, each weighing 44 pounds, of red Delicious apples. It was a very generous and welcome gesture.

Hon. Senators: Hear, hear!

Senator Argue: My wife, Jean, has put together a farm women's action group. I thought that I was worked hard when I was in the cabinet, but she is working much harder than I have ever done. She is working almost day and night co-ordinating this group activity. When the huge semi-trailerload of apples arrived yesterday, about 30 people with half-tonne trucks picked them up to take them to some ten depots for distribution. Just about an hour after that semi-load was unloaded, driven as it was by a driver who had donated his time—his name is Larry Shippett—a half-tonne truck arrived, pulling a livestock trailer also loaded with vegetables. That was brought by Mr. and Mrs. Ed Wyonsyck of Buchanan, Saskatchewan. It was the second time that this good couple from Buchanan, Saskatchewan, some 300 miles away, have brought in a load of vegetables.

Clothing is also coming, and there have been calls, offers and donations from all over Saskatchewan, Alberta and Manitoba and, yes, even as far away as Ontario and its capital. In my view, this sharing by those who have vegetables and fruit with those in the drought area who have no gardens, is a wonderful indication of the generous and humanitarian instincts of Canadians all across this country; and because of their action there has been a much better Thanksgiving for many farm families in that area of Saskatchewan. I want to acknowledge publicly the great help that has been forthcoming from many areas.

Hon. Senators: Hear, hear.

QUESTION PERIOD

[English]

PARLIAMENT BUILDINGS

CENTRE BLOCK—REMOVAL OF PHOTOGRAPHS OF BRITISH PRIME MINISTERS

Hon. Henry D. Hicks: Honourable senators, for many years there has been a series of photographs of the Prime Ministers of Great Britain hung in the corridor on the sixth floor leading to the Parliamentary Restaurant. They are no longer there. Can the Leader of the Government tell me why they have been removed, whether they have been removed permanently or simply for the duration of redecoration, and whether they will be restored?

Hon. Duff Roblin (Leader of the Government): Honourable senators, those pictures of distinguished men have improved

my education and whiled away the hours of waiting many times; so I know what my honourable friend is talking about. I am not sure whether this comes under the jurisdiction of the Speaker of the House of Commons, who is in charge of the fabric of the building, or the Minister of Public Works, but I will ask about it.

Senator Flynn: It could be joint services.

FISHERIES AND OCEANS

SALE OF CANNED TUNA UNFIT FOR HUMAN CONSUMPTION—SUGGESTED PUBLIC INQUIRY

Hon. John B. Stewart: Honourable senators, earlier the Leader of the Government again and again made reference to an inquiry into the matter of the spoiled tuna. I am sure that the government will want to get to the bottom of this matter for its own reasons, but it is very important that Canadian consumers have complete assurance with regard to what has gone on and to know that what has gone on, if it was bad, has been terminated. It is important both to the consumers and to the fishing industry on both coasts. Has there been a decision to go ahead with some form of public inquiry with a commissioner, or is that possibility still in abeyance? Is the prospect of a public inquiry still under consideration?

Hon. Duff Roblin (Leader of the Government): Honourable senators, this question of the future of the tuna industry and all of its ramifications was raised the other day by the Honourable Senator McElman, and at that time I undertook to take note of his constructive suggestion. I reiterate that undertaking. At the present time the investigation is a departmental one.

Senator Stewart: Honourable senators, confidence is very important in this matter, and the experience in recent weeks in relation to the involvement of the minister and the people in the department has been such as to undermine the traditional confidence which both consumers and fishermen have had in that operation. I am not pressing for an outside inquiry; rather I am asking whether the prospect of an outside inquiry is still a possibility.

Senator Roblin: Honourable senators, in the opinion of the government, the inquiry that is under way right now will be adequate for the purpose. If it should prove not to be the case, we shall have to think again.

● (1430)

Senator Stewart: What reassurances will consumers, whose confidence has inevitably been shaken, have as to the validity of the findings of that inquiry?

Senator Roblin: When my honourable friend has an opportunity to look at the report that will be made, he will find the answer to his question.

Senator Frith: In other words, he will have to take your word for it.

[Senator Roblin.]

DELAYED ANSWERS TO ORAL QUESTIONS

REQUEST FOR ANSWERS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, under the heading of "Delayed Answers": At a meeting of the Banking, Trade and Commerce Committee when, I believe, my friend the Leader of the Government was present, I asked the Minister of State (Finance) and her officials whether I was going to get my information to help me do my job, as I see it, in that committee. She said that they had the information, that the whole matter was under review and that she expected to have the material for me shortly. We have always had trouble with such words as "shortly", "in due course" and "soon", and I say "we" in the sense of those of us who are looking at the matter from another perspective. Will the leader please ask again for this material, because I got the distinct impression that it was almost ready.

Senator Marshall: You will get it "shortly."

Hon. Duff Roblin (Leader of the Government): I shall ask the minister to take a close look at the meaning of the words "shortly" and "soon" in order to satisfy my friend.

Senator Frith: Good, because I will be asking every day until I get it.

Senator Roblin: I have told the minister that already but I am still having a little trouble.

Senator Doody: It is still "almost ready."

Senator Frith: If she has been told, then I will make a point of asking every day.

BUSINESS OF THE SENATE

ORDER NO. 3 AND INQUIRY NO. 2 WITHDRAWN

On Orders of the Day:

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Order No. 3 and Inquiry No. 2 deal with the subjects covered in Order No. 1. I have discussed with Senator Bosa, in whose name Order No. 3 stands, and with Senator Gigantès, in whose name Inquiry No. 2 stands, withdrawing these two items, because the subjects can be spoken to by whoever wishes to speak to them under Order No.1, which was initiated by Senator Flynn as co-chairman of the special joint committee mentioned in the order. They have agreed to my suggestion, so, with leave, I would ask that those two items be withdrawn.

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

Hon. Senators: Agreed.

Order No. 3 and Inquiry No. 2 withdrawn.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION TO AUTHORIZE COMMITTEE TO STUDY CONSULTATION PAPER ON TRAINING AND DOCUMENT ENTITLED "EMPLOYMENT OPPORTUNITIES: PREPARING CANADIANS FOR A BETTER FUTURE"—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Bonnell, seconded by the Honourable Senator Cottreau:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to study and report upon the Consultation Paper on Training, issued by the Department of Employment and Immigration, tabled in the Senate on 11th December, 1984, and the document entitled "Employment Opportunities: Preparing Canadians for a Better Future", tabled at the First Ministers' Conference held in Regina, Saskatchewan, on 14th and 15th February, 1985; and

That the Committee be empowered to engage the services of such professional, clerical and technical personnel as may be required for the purpose of the said examination—(*Honourable Senator Phillips*).

Hon. Orville H. Phillips: Honourable senators, I understand that last week, in my absence, the Deputy Leader of the Opposition was inquiring concerning my plans with regard to this order. I am happy to advise him that I plan to speak to it on Thursday. I trust that he will be able to retain some of his followers, including the sponsor of the motion, here on Thursday afternoon when I deal with it.

Hon. Royce Frith (Deputy Leader of the Opposition): When they hear about it, I am sure that they will not miss it for anything.

Senator Doody: Seating will be a problem.

Order stands.

THE CABINET

ACCESS TO INFORMATION—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Davey calling the attention of the Senate to the Government's preoccupation with secrecy.—(*Honourable Senator Davey*).

Hon. Orville H. Phillips: Honourable senators, this item has been on the order paper since December 4, 1984. Surely the honourable senator in whose name it stands cannot anticipate leaving it there any longer. I hope that, if he does not intend to speak on it, at least he will follow the procedure just followed by the Deputy Leader of the Opposition and withdraw the inquiry.

Hon. Royce Frith (Deputy Leader of the Opposition): I spoke to Senator Davey about this matter today. I understand that he intends to speak on it this week, and I am sure that Senator Phillips will not want to miss that either.

Hon. C. William Doody (Deputy Leader of the Government): Is that Senator Davey's inquiry or Senator Stollery's?

Senator Frith: Senator Davey's. Senator Stollery yielded to Senator Davey a couple of days ago.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 16, 1985

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

Prayers.

RIGHTS AND FREEDOMS

CANADIAN FORCES—SPOUSES OF MEMBERS—NOTICE OF MOTION

Hon. Lorna Marsden: Honourable senators, I give notice that, on Tuesday next, October 22, 1985, I will move:

> That the Senate do urge the Government of Canada to permit freedom of assembly and speech, and such other freedoms guaranteed to all other Canadian citizens, for spouses of members of the Canadian Armed Forces.

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

SOUTH AFRICA—APARTHEID—CANADIAN POSITION AT COMMONWEALTH CONFERENCE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, could the Leader of the Government throw some light on the position which the Government of Canada will be taking at the Commonwealth Conference now being held in the Caribbean, attended by the Prime Minister and the Secretary of State for External Affairs? The question of the racial policy pursued in South Africa is to be one of the foremost, if not the foremost item on the agenda. Can the Leader of the Government tell us precisely what position the government will take at that conference as it seeks to work out a conclusion by the Commonwealth partners?

Hon. Duff Roblin (Leader of the Government): The Government of Canada has made its own position in respect of South Africa quite clear. Several statements have been made by the Minister of State for External Affairs and, I think, by other ministers as well, in which the position of the government has been set out. While I do not have those statements to hand, I think that they are generally well known as being in favour of effective action to bring to the notice of the South African government the views of our country and our people respecting the principle of apartheid. We are against it. We have introduced and we will continue to introduce measures to make that opinion felt in a more concrete way in South Africa. Those measures—and I can report on them in more precise detail at some later time when I have the papers in hand, if my friend wishes me to do so—indicate a gradual tightening of pressure by Canada on South Africa, with a view to inducing the government of that state to take equitable action on apartheid. Our position at the conference will be to explain our policy with respect to that nation, to point out what we believe are its merits and to see whether we can secure the consent of our colleagues in the Commonwealth to adopt measures that are similar to or much the same as those we have adopted.

We recognize that there is a wide division of opinion on the matter as between the United Kingdom and other countries. As I read in the press—and I must say that that is my only source of information at the present—the position of the United Kingdom is less forthcoming than we believe our position to be. There are also the views of other members of the Commonwealth who wish to proceed to measures beyond what we have suggested. Our effort will be to find a common denominator which is acceptable to all parties, including, I believe, the public of Canada, that will enable the Commonwealth to present a united posture in respect of this matter.

Senator MacEachen: Honourable senators, I am aware of the statement on South Africa made by the Secretary of State for External Affairs on July 6, which may be interpreted according to one's tastes. But I note that the Commonwealth Trade Union Council, meeting in the Caribbean, is urging the Commonwealth to impose comprehensive economic sanctions against South Africa, which would include the prohibition of the sale of oil, agricultural products and other trade items to South Africa. Is it the position of the Government of Canada that it is now prepared to support at the Commonwealth Conference a comprehensive system of trade sanctions against South Africa?

Senator Roblin: Honourable senators, I think that perhaps one of the most interesting and constructive statements made on this whole problem was the statement made by "Sonny" Ramphal, Secretary General of the Commonwealth Secretariat, dealing with this question. The thrust of his advice was that we should seek a system of selective sanctions which could be invoked seriatim as events transpired, as being the most practical method and the most helpful method of applying sanctions in an effort to deal with this problem.

I believe that his statement on that matter coincides very largely with the views of my own government, and I think that will be the course that might be most productive in the present circumstances.

Senator MacEachen: Honourable senators, I have been trying to get some clarification on what the differences are between the Government of Canada and the Government of the United Kingdom. We are told that the Prime Minister of

the United Kingdom and Sir Geoffrey Howe have both opposed any imposition of economic sanctions on South Africa, and I do not find in the statement made by the Secretary of State for External Affairs on July 6 any move toward what one would call economic sanctions. There is no general prohibition of trade between Canada and South Africa, although we have taken some steps in carrying out some United Nations resolutions on trade in armaments.

I really wanted to know the differences between Canada and the United Kingdom on this point. Are they differences that are manufactured in the press to create some interest in the Commonwealth Conference? That is really what I would like to know.

Senator Roblin: Honourable senators, I can only give the honourable senator the Canadian policy in the matter. I am quite unable to tell him what the policy of the United Kingdom is, because only the United Kingdom can do that. But if I were to hazard a guess, I would suspect that the question of selective sanctions will be the primary subject of conversations at those meetings, and Canada is prepared, in respect of certain matters, either on a voluntary or some other basis, to proceed along those lines.

We have taken certain steps that my honourable friend is aware of, and that clearly leads to the conclusion that we might take more if we think the situation requires it.

Senator MacEachen: Honourable senators, I would like to be clear as to what the Leader of the Government means when he says that we have imposed certain sanctions. It depends on one's definition of a sanction. To my knowledge, there has been no prohibition of trade between Canada and South Africa. In certain cases the government has removed support that would otherwise be available to exporters, but has not, to my knowledge, other than in compliance with certain United Nations resolutions on armaments, interfered with trade. So I find it difficult to understand where we differ, if we do, from the United Kingdom. I am not pressing the Leader of the Government to answer if the information is not available to him at the moment, but I do know that the British Foreign Secretary, Sir Geoffrey Howe, was here recently. It was reported that he and the Government of Canada had full discussions on South Africa and the nature of what might happen at the Commonwealth meeting, and that Sir Geoffrey Howe was hoping to enlist Canadian support against the imposition of economic sanctions. I am curious to know if there is a difference here and, if so, where is it? If the Leader of the Government cannot tell me today, perhaps he could tell me tomorrow or Tuesday next because this conference will be going on for some time, and it would be good to know what is really happening down there.

• (1410)

Senator Roblin: Honourable senators, I think it would be wrong to draw the conclusion from whatever press reports my honourable friend has read that the Canadian government is trying to make its policy conform to that of Prime Minister Thatcher. It is quite the other way around; we are trying to bring about an accord between Mrs. Thatcher's views on the matter and the views of other members of the Commonwealth. It is our hope that we may—and one must not make grandiose claims in this matter of being the link, interpreter or the porte parole—use our good offices to bring about an accord between the views of Mrs. Thatcher and those of other members, some of whom hold more extreme views, with a view to arriving at a unified Commonwealth position on the matter. What success we will have and the precise details of that arrangement will, of course, remain quite unknown until the discussions are over.

Senator MacEachen: Honourable senators, I understand the process of the Commonwealth meeting. What I want to know is: What is the position of the Government of Canada and where does it differ from the position of the Government of the United Kingdom? Or is there no difference? The Leader of the Government has told us that he could not tell me the view of the British government on this matter, but he did tell me that it was the government's intention to have that view coincide with other Commonwealth members'. Can the Leader of the Government get me some information on this matter so that we can establish some common ground?

Senator Roblin: Honourable senators, I am sure that my honourable friend has a great deal of information at his disposal. He has the statements made by the government over the past few months on the subject which have been progressively defining our position. If he refers to them—

Senator Flynn: He is too lazy.

Senator Roblin: —he will have the information that is available to the public with respect to the position of the Government of Canada. The position of the Government of the United Kingdom is quite another thing. If the honourable senator is patient enough to wait for the Commonwealth Conference to conclude, then all these arcane and mysterious matters will be clear to both him and me.

Senator MacEachen: Honourable senators, what the Leader of the Government is telling me is that following the conference we must go to the newspapers to find out what the position of the Government of Canada is, that he cannot tell us today, and that he cannot tell us what the view of the Government of the United Kingdom is, even though that view was conveyed recently to the Government of Canada by the British Foreign Secretary. For all these items of information we must go to the press. That, to me, is a most unsatisfactory way of dealing with Members of Parliament, in which group senators are included. Surely, we are entitled to get some information on a major international event in which Canada is playing a very important role. Perhaps we could give some views that would be helpful before the conference ends, but we are denied that opportunity and told to look at the press when it is all over.

Senator Stanbury: They say the same thing with regard to free trade.

Senator MacEachen: I think that is pretty bad.

Senator Roblin: If it were true, it would be pretty bad. Of course, it is manifestly quite untrue. My honourable friend

knows perfectly well that the position of the Government of Canada is not released through the press in the way in which he describes, that it is released through statements by ministers. I do not happen to be the Secretary of State for External Affairs.

Senator Olson: You answer in this chamber for all the ministers.

Senator Roblin: The honourable senator is quite right. If my honourable friend would just keep quiet and wait until I am finished, then he can make his statement.

Senator Olson: You make that statement too often.

Senator Roblin: I am saying to my honourable friend that the views of the Government of Canada have been made manifest by the statements of the ministers. I do not have them here. If my honourable friend finds his files so deficient that he does not have those statements, I will get them for him, even though it is in the public domain and it is not strictly part of my duty to do so.

However, that information is available. I have no responsibililty for what the newspapers say, but when the conference is over my honourable friend will not have to have recourse to the newspapers to find out what happened, because I can tell him that the Prime Minister will make a full statement as to what happened, and he and all of us will be able to grasp that situation.

As to the present position of the Government of Canada, it is clear; it is in writing; it is available. If my friend does not have that information, I will get it for him.

Senator MacEachen: I have a further question. This is the statement on South Africa issued by the Secretary of State on July 6. I am asking my honourable friend if that is the position that is being taken by the Prime Minister and his foreign minister at the Commonwealth Conference. Can he tell me whether that is the policy in full, and that we are not going beyond that?

Senator Roblin: I can tell my honourable friend that I do not think the statement he has in his hand is the last word that the government has said on this subject. I think there have been several statements made since then. I do not have them with me, but I will be glad to provide them for my friend.

Senator MacEachen: Perhaps the Leader of the Government can tell us when he next comes into the chamber in what way the policy of the government has diverged from the major policy statement issued at Baie Comeau on July 6. Can he also tell us then what the Prime Minister will be saying to his colleagues at the Commonwealth Conference?

I think it is shocking that these simple matters cannot be divulged. After all, we are not in the Politburo; we are in the Canadian Parliament where things are supposed to be public.

Senator Roblin: If you were in the Politburo, you would not be asking questions such as this. You are in a democratic country, and you are a member of a democratic assembly. Within the terms of reference of a question period, and within the terms of reference of my knowledge of the matter, my friend shall be satisfied. However, he need not expect me to have instantly at my fingertips during Question Period the information that he seeks and which is under the control of one of my colleagues, the Secretary of State for External Affairs. Neither is there any point in his asking me what the Prime Minister will say at the Commonwealth Conference, because that is information which he will convey to his colleagues there, and it is only when that has been done that we will be able to obtain more information on this matter.

If my honourable friend will just allow me to consult the papers that are available, I will be glad to let him have the information. However, if he expects me to anticipate what will be said in Bermuda, I am afraid he is barking up the wrong tree.

Senator MacEachen: I have been very reasonable with the Honourable Leader of the Government. I have not insisted upon an answer to these questions today. I have invited him to provide me with answers tomorrow and, in the meantime, he has the opportunity to consult with officials in the Department of External Affairs, in the Prime Minister's Office and in the Privy Council Office, all of whom have undoubtedly participated in putting together a Canadian position that was, we hope, considered by the cabinet before the Prime Minister went to the Commonwealth Conference. Surely you are not telling me that the Prime Minister will make instant policy when he gets off the plane. All I am asking is to be told what the situation was when the Prime Minister left; what the preparations were and what is now the policy of the Government of Canada. There is nothing very demanding in that, and I am also saying that if you cannot tell me today, please tell me tomorrow. That is all.

Senator Roblin: My honourable friend knows perfectly well I am not about to tell him what transpired in cabinet. He sat in cabinet for many a long year and I can never recall any occasion on which he responded to a question such as that by telling what went on in cabinet.

I also have to tell him that I really do not take my advice from the kind of advisers that he has been talking about. They are able, competent, public servants but they do not formulate the policy of the government. That is formulated by my colleagues, and when I have had a chance to talk to the Secretary of State and to the Prime Minister, then I will be in a position to give my honourable friend some of the information that he seeks.

My honourable friend has invited me to use another occasion on which to give him further information on the matter. I have accepted that invitation and will be glad to do so.

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS

Hon. H.A. Olson: My question is for the Leader of the Government in the Senate. Is the government ready to announce the policy—and if not, when will it be announced?—as to the negotiating position of Canada respecting the so-called "freer" trade negotiations?

Hon. Duff Roblin (Leader of the Government): I am not exactly sure what it is my honourable friend is driving at. Would he like to expand on his question?

• (1420)

Senator Olson: I should like to know what it is that the Government of Canada is going to negotiate on when Canadian officials meet with their American counterparts. If the government is not ready to tell us what will be negotiated, could the government tell us what will be up for discussion so that those who are vitally concerned with this matter will know whether or not items of concern to them will be part of the negotiations?

Senator Roblin: The government is conducting consultations in Canada, with Canadians, in order to decide what aspects of the matter should be pressed at the conferences as being important to our interests.

Consultation meetings are now taking place with the various provincial ministers. One was held the other day in Halifax at which somebody got tangled up in underwear. The Prime Minister and the premiers will meet later this year. Studies are being prepared and meetings are planned with the 23 or so sectors of the economy of Canada which are in play in these discussions. That means it will be some time yet before we are able to arrive at some conclusions as to what the main thrust of the negotiations will be. But it is our hope and expectation that we will carry the people of Canada with us in these discussions, and that means that at the proper time they must know what the details are.

Senator Olson: May I ask whether or not discussions have begun with officials from the United States to apprise them of what it is the Canadian government wishes to negotiate?

Senator Roblin: My impression is that we must wait until the United States Congress has given permission to the President to enter into these discussions before we talk to them in any constructive or official way.

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government in the Senate relating to bilateral trade talks with the United States. In a report published in the *Gazette* from Canadian Press on October 15, we were informed that a United States lobby last month "applied pressure" on the former Minister of Communications, Marcel Masse, threatening to link other trade questions in Congress with cultural questions unless the minister of the day softened his stand on Canadian laws protecting Canadian publishing and Canadian magazines.

I am now informed that a preliminary American negotiating committee composed of representatives of the State Department, the Federal Communications Commission and other U.S. government departments as well as private sector representatives, visited Ottawa within the past two or three weeks and attended upon cultural industry associations to determine questions relating to copyright and publishing.

Would the Leader of the Government in the Senate advise us what government departments that group of Americans—representing the American government—met with in Ottawa, and what the Canadian government's position is with respect to those negotiations?

Senator Roblin: With respect to the pressure on the government to make some changes in its broadcasting policy, its publishing policy and things of that sort, my response is: What's new? As long as I have been in this chamber there has been an active lobby in the United States to get us to reverse some of the positions we took with respect to publishing in this country and with respect to trans-border broadcasting. It is one of the most persistent lobbies I have ever come across, and I am not the slightest bit surprised to hear that they are still at it.

My friend has asked a specific question, namely, was there an American delegation that came to visit the Canadian government on this subject, and if so, what came of it. I apologize for not knowing of the visit, but I shall make inquiries to see what information I can get.

Hon. John B. Stewart: Honourable senators, I should like to ask the Leader of the Government in the Senate whether it is the position or policy of the government that it will not enter into discussions or negotiations with the U.S. Administration in respect of trade until such time as a resolution of the U.S. Congress has endorsed the undertaking of such discussions and negotiations by the U.S. Administration.

Senator Roblin: I shall have to answer that question very carefully. There are all kinds of negotiations that take place on a daily basis between the Government of Canada and the Government of the United States on the whole gamut of trade questions, and I fully expect that those kinds of contacts will continue. I am not aware that any of them bear on the question of freer trade between our two countries, though it is possible that some might.

I shall have to make some inquiries to determine whether or not that type of discussion is going on. I do not believe there are such discussions, but I might be wrong. I will make inquiries to determine whether or not that is the case.

My honourable friend should realize that this is going to be quite an inquiry. I am going to have to inquire of a number of departments to determine whether or not there are negotiations going on that could be described as out of the ordinary, as opposed to those negotiations that take place on a continual basis.

Senator Stewart: Honourable senators, I think I can save the Leader of the Government a good deal of effort in this regard. My question related specifically to the matter of changes to bring about free or freer trade.

Did I understand the Leader of the Government to say that the Government of Canada will not enter into such discussions or negotiations with the U.S. Administration until such time as there has been a resolution of Congress favourable to such discussions and negotiations?

Senator Roblin: I am sure my honourable friend recognizes that some green light from the U.S. Congress is very important to us and would be the sign that we should proceed further than we have done up to now. But bear in mind that

there are all kinds of negotiations going on right now that might be considered to be of a free trade nature. Examples would be the talks about timber, the talks about fish, the talks about potatoes, or the talks about steel—

Senator Haidasz: What about lumber?

Senator Roblin: Yes, and the talks about lumber. Why not? Talks on the core problems in respect of trade with the United States are not going to stand still while we await something to happen in the U.S. Those talks will continue.

If my honourable friend is referring to that kind of negotiation with respect to freer trade, then the answer is yes, such negotiations will be ongoing. But the formal arrangements, the more universally structured discussion on the question of trade relations between Canada and the U.S. will have to await some indication on the part of the U.S. government that it is ready to proceed with such discussions. However, that can by no means stop U.S. and Canadian officials from talking about other matters that bear directly on that very topic.

Senator Stewart: Well, let's not waste our time with obfuscation about "other matters." Presumably, the Government of Canada intends to undertake discussions or negotiations with regard to changes in the general framework of trade between Canada and the United States. The Leader of the Government in the Senate spoke first of a resolution of the U.S. Congress. Now he speaks of a "green light." I think his expression was "some kind of green light." That suggests a much more modest requirement than a resolution of the U.S. Congress.

Would the government leader tell this house what kind of green light he is talking about, what kind of green light this government would require from the Congress of the United States before it entered into discussions or negotiations with the U.S. Administration relative to a new general trade arrangement with that country?

Senator Roblin: Yes, I will. To avoid the obfuscation that my honourable friend complained about, I think I had better reduce it to writing.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, perhaps we can save the government leader a trip to the various departments. There is an act of the U.S. Congress authorizing the President and the Administration to enter into free trade negotiations with Israel and Canada. That is certainly a green light.

● (1430)

Senator Roblin: That is what one could describe as a pretty green light, but it is really more of an amber light. The green light is a further expression of the opinion in the United States Congress. I have to say that that is an important part in the procedures that will be followed.

Senator Frith: The act of Congress is not a green light.

Hon. Peter A. Stollery: Honourable senators, I have a question on the same subject. As I understand it, the Administration has been authorized to conduct free trade negotiations with Canada. The Macdonald commission has recently come out with a multi-million dollar 1,300-page report on the economic union in Canada, with all of the background material. There has been an ongoing debate for some months on the whole question of whether we should conduct our trade negotiations multilaterally or bilaterally with the United States, with a great deal of evidence in favour of something being done in terms of trade negotiations and a free or freer trade arrangement with the United States.

Given all of that, is the Leader of the Government saying that the Government of Canada does not have a process that relates specifically to a matter which has occupied the minds of the Canadian public for at least some years?

Senator Roblin: I do not know why my honourable friend does not pay attention to what goes on because there is a process in train with respect to developing our views in this matter. I have explained it in this house on several occasions. It has been the subject of wide comment outside this house, and if he just took the trouble to look at it he would know the answer to his question.

Senator Stollery: The Leader of the Government just explained to us that these discussions are ongoing and sectoral, and so are quite separate from the question of free or freer trade, which is not a sectoral process. It has nothing to do with discussions over timber, discussions over steel, or discussions over the other items of trade which are of great concern to many Canadians. It is a completely different and separate issue which requires a certain amount of study. I am trying to find out whether the Government of Canada actually has anything in place dealing specifically with the issue of across-the-board free trade with Canada, an issue which has been the subject of a 1,300-page royal commission report within the past five weeks.

Senator Roblin: I am sorry that I cannot claim credit for the royal commission because that resides elsewhere, but I can see that my honourable friend thinks that the subject of timber, for one, has nothing to do with the grand issue of freer trade—I do not use the word "free" trade because I think that is a misnomer, and I do not think it is likely to come to pass—or at least, as a minimum, preserving our present markets in the United States. If he thinks there is no connection between these two subjects, I have to tell him that I think he is mistaken because there is the closest connection. Anyone who has any knowledge of what is being said in the United States on this topic will understand just how close that connection is. There are some groups down there who are trying to make a solution to the timber problem a prior condition to anything else. I am not critical of my honourable friend's comments, but I want to assure him that the problems in connection with these sectors are at the very heart of a freer trade situation between our two countries.

As I said a little while ago, and I will repeat it now, the factors that are being examined in connection with the Canadian position have to do with those that we have developed at the meeting of provincial trade ministers, the meeting of the Prime Minister and the premiers, and the discussions in the 23 different sectors that might be affected by what happens. It is a process that is a long way from being completed

and is still going on. Until it is closer to being completed, I expect our views on this subject will not be finalized.

As ministers have already said, if anyone thinks that the free trade negotiations are going to start tomorrow, that is a misapprehension. If they start early next year, it will be pretty good going.

I would suggest to this chamber that there is a long way to go before we get to that bargaining table and that there is a lot of talking to do and a lot of understanding to get across with respect to those people who have interests for or against this particular move, all of which have to be taken into consideration as we develop the course we are to follow.

There is no magic answer; there is no three-word expression I can give to illustrate what is going on, but I hope I can convey to my friend something of the processes necessary to arrive at a policy we feel we can stand by.

Hon. George van Roggen: Honourable senators, I have a supplementary question relative to the expression the Leader of the Government in the Senate used concerning a "green light" from the U.S. Congress.

My understanding of the legal situation is that, as far as the Canadian side is concerned, no legislation is necessary, and the government is wholly empowered to enter upon such discussions and negotiations in such forums as it chooses. As far as the United States Constitution is concerned, the power to negotiate trade and tariff matters lies in Congress and they have to delegate that to the Administration. In terms of the last trade bill, as Senator Frith has pointed out, they delegated to the Administration specifically or to the President the right to enter into negotiations for a free trade agreement with Canada.

My question is: Is the present desire to obtain some form of resolution from Congress, and particularly from the Senate, at the initiative of the U.S. government, the Canadian government or both? Or is this wholly a matter that the U.S. Administration is saying it would like to have in addition to the authority under the Trade Act?

Senator Roblin: I believe I am correct in saying that this is a domestic initiative within the United States.

Senator Grafstein: Honourable senators, I am now more confused than I was at the beginning of this series of questions. Do I understand that the American Congress, or the American Senate, will pass a resolution, and if that resolution, in effect, offers an invitation to its officials to negotiate across the entire spectrum, and if we, in advance, have not excluded from that spectrum certain items, such as the cultural industries, would that not put us in an immediate stalemate position with the United States?

Senator Roblin: One of the things I am going to do is follow up on the statement made by Senator van Roggen about the resolution of the United States Congress. I think he is right, but I do not have the exact reference at my fingertips and I want to get that to be sure I am right so we can deal with this matter more authoritatively.

With respect to my honourable friend's question, each party will bring to the bargaining table whatever it thinks it proper to bring. I imagine there will certainly be areas of the United States economy which will not be open for discussion at the bargaining table. So, I do not expect any resolution of the United States Senate will preclude the government of that country from deciding what it wants to talk about.

Hon. Richard J. Stanbury: Honourable senators, while the Leader of the Government is investigating the present legal situation, would he confirm my understanding that, as Senator van Roggen has said, the legislation is already in place to allow the President to carry out the negotiating of a trade deal with Canada; and that what they call the "fast track" system in the United States Congress means that once the President negotiates a trade deal—he goes ahead and does his negotiation with Canada—he then submits the deal to Congress and, within 60 days, Congress must either accept or reject that deal without amendment?

I assume that the whole process of negotiation must go on before that deal is put before Congress. I can only assume, from what the Leader of the Government has said, that the Administration has decided that the proper course of wisdom calls for some submission on its part to Congress before it proceeds. I understand that, even though it has the legal authority, it is of the view that it is politic to have some kind of further confirmation from Congress.

• (1440)

Would the government leader provide to us some idea of what the Administration intends to put before Congress, when it intends to put it there, what the terms of reference will be and what it expects back by way of resolution before it proceeds with the first stage of negotiating the agreement and before it goes to the final stage of submitting that to Congress?

I appreciate that my question is complex, but no one has yet explained to us how the process is going to work in the United States. We have heard that, by means of a telephone call, our Prime Minister spoke to the President and asked him to commence negotiations in the United States. We have not heard where that is going, when it is going or what the ultimate result will be. We know what the legal situation is, but that is not the procedure that is being followed.

Senator Roblin: I thank my honourable friend for the question. I think it is a good one and I will try to find the answer to it. The communication between the President and the Prime Minister was followed, of course, by correspondence. Naturally, I am not an expert on American procedure—my honourable friend does not think I am, nor does he expect me to be, for that matter—but I will try to find out what I can about the processes involved in that country.

Senator van Roggen: Honourable senators, I have a supplementary question. As the answers to Senator Stanbury's questions will be somewhat technical and probably best submitted in writing, could the Leader of the Government include in them a comment on whether the fast track system in the

United States Congress can be used in the case of a treaty as opposed to an Executive Agreement? There are two ways in which free trade could be implemented between Canada and the United States. One is by means of an Executive Agreement, where, under the fast track, Congress would have to pass such legislation—as would this Parliament—as would enable it to fulfil the terms of that agreement. A second, quite different method of entering upon a free trade arrangement with the United States is by means of a treaty, which must be approved or ratified by the United States Senate. The latter method is a much more binding one on future Congresses of the United States.

I, for one, would be loath to see Canada enter into free trade arrangements with the United States without those arrangements being enshrined in a treaty. I would greatly appreciate it if the Leader of the Government could, in his answers to other questions, include an explanation of the treaty as opposed to the Executive Agreement, outlining which one, if either, the fast track applies to.

Senator Roblin: I can tell my honourable friend that an Executive Agreement would not be satisfactory to the Government of Canada.

Senator van Roggen: Good.

Senator Roblin: Free trade arrangements would have to be entered into by way of a treaty. What needs to be enshrined in any agreement is a system of adjudication of disputes and a system of definitions as to what constitutes unfair trading practices, subsidies, and all of those things which are at the root of our problems today. We must get ourselves into a position where we will not find the rules changed unilaterally in a procedure in which we have no say. What is most important, in my mind, is that these arrangements should be made via the treaty route, and that is the route I expect to report on.

Senator van Roggen: In such an event the fast track may not apply, and I would appreciate the comments of the Leader of the Government in that regard.

INTERPROVINCIAL TRADE

BARRIERS

Hon. Hartland de M. Molson: Honourable senators, I should like to ask the Leader of the Government whether any concrete steps have been taken by the government to establish free trade within Canada before we get involved with freer trade with the United States of America.

Some Hon. Senators: Hear, hear!

Hon. Duff Roblin (Leader of the Government): That is the best question I have heard today, and I appreciate it. I think it is very germane. That is one of the very points to be discussed when the Prime Minister meets with the premiers in November. Local buying preferences and other interferences with trade between provinces are things that I personally deprecate. The question of a provincial impact on an international trading treaty is also important. The provinces must be brought on side as this whole process is developed.

If I may add a gratuitous remark, I was quite surprised to read a study the other day which, while it did not approve of interprovincial barriers, did not seem to hold the view that they are quite as damaging as some of us are inclined to think. The question of interprovincial barriers and provincial support for an international trading treaty with the United States is very important. It was important when the GATT arrangements were made. I am surprised, for example, that people still talk free trade. My God, GATT has given us free trade for at least three-quarters of our trade already, and the country hasn't fallen apart, for goodness sake. Those arrangements went through with the assent of the provinces, however, and I can assure my honourable friend that the same kind of assent will be sought now.

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS

Hon. Philippe Deane Gigantès: Honourable senators, my question is addressed to the Leader of the Government in the Senate. He spoke earlier about a treaty arrangement which would give us more protection in the sense that it would bind the Americans to a greater degree than would an Executive Agreement. It would bind the Americans at all three levels of government not to enact any statutes regulating trade which would discriminate against Canadians when such statutes would not discriminate against Americans. This will be asking the three levels of the American government to give up considerable power. One of the things that worry those of us who are concerned about this, and there are a few, is what we would have to give up in exchange. Could the Leader of the Government arrange to have some experts try to reassure those of us who are concerned about this fear that we have?

Hon. Duff Roblin (Leader of the Government): Of course, the coin has two sides to it. The Americans are asking us to do precisely the same thing that my honourable friend wants them to do. That will certainly be part of the negotiating process.

INDUSTRY

YUKON—RE-OPENING OF CYPRUS ANVIL MINE—STATUS OF NEGOTIATIONS

Hon. Paul Lucier: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. As he well knows, the Cyprus Anvil mine in the Yukon has been closed for some time. Cyprus Anvil accounted for a large part of the Yukon's economy. The former government paid $25 million towards a $50 million stripping program, and I understand that the federal government and the territorial government are now negotiating with another group to try to re-open the mine. Could we be provided with a progress report on the status of the negotiations? Is there any chance of a quick

settlement of the outstanding problems so that that mine can be re-opened?

Hon. Duff Roblin (Leader of the Government): I think that I can give to my friend a reasonably optimistic reply to his question. The Honourable David Crombie, the minister in charge of this particular problem, has been working very hard towards an agreement among half a dozen parties concerned—those responsible for electricity, water supply, transportation, the townsite and all the rest of it—and in which half a dozen interests are in play. I think he has them all heading in the same direction. Although I do not want to be too positive in my assertion, my impression is that the negotiations are going very well and that no insuperable obstacles have thus far disclosed themselves, except the fact that the world has lots of zinc.

NEW BRUNSWICK—CLOSURE OF STAR-KIST PLANT—GOVERNMENT ACTION

Hon. Stanley Haidasz: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. In view of the disturbing news yesterday that 400 employees of the Star-Kist plant in St. Andrews, New Brunswick are being given notice of an indefinite layoff, would he indicate whether his government has a genuine concern about this matter? If so, what concrete steps has it taken to save that plant and the 400 jobs that it provided?

Hon. Duff Roblin (Leader of the Government): Honourable senators, my information is not quite as gloomy as that of my honourable friend. It seems to be correct that that plant will stop working for a while, but it also seems to be the intention of management to resume in full force as soon as market conditions make that possible.

● (1450)

Senator Haidasz: My question also was: What concrete steps has this government taken to protect the jobs of the people at the Star-Kist plant at St. Andrews, New Brunswick?

Senator Roblin: We are trying to ensure that the plant, like all of our fish plants, produce a good product.

Senator Haidasz: How?

Hon. L. Norbert Thériault: Honourable senators, can the Leader of the Government inform us whether there has been any assurance from the management of that plant to someone in government that, in fact, the plant will be re-opened on November 9?

Senator Roblin: Honourable senators, I have no information on that point.

[*Translation*]

Hon. Eymard Corbin: Honourable senators, about two weeks ago, the Leader of the Government in the Senate informed me that—and I am paraphrasing the Leader of the Government's comments—we could expect a statement very shortly by the Government on the matter of the fish packing plant in St. Andrews. Today, is the Leader of the Government in the Senate in a position to inform us when the Government will make its statement?

[*English*]

Senator Roblin: Honourable senators, I am afraid that my honourable friend has me there. I am not aware of what statement he is talking about.

[*Translation*]

Senator Corbin: Honourable senators, if the Leader of the Government in the Senate has a moment, I will find the exact quote. I raised this matter about two weeks ago. In his answer, the Leader of the Government in the Senate implied that the Government was about to make a statement about the plant and its inspection services, in response to questions raised by other senators, and also about the consumer protection aspect as it concerns fisheries products. I realize that the Leader of the Government in the Senate may have a lapse of memory, as happens to me occasionally, but if he does not mind waiting, I will find the exact quote in a moment.

[*English*]

Senator Roblin: Honourable senators, I think my honourable friend's second reference to the detail of what he was interested in rings a bell. If he will give me the citation, I will examine my answer and see what else I can give him. It may have to do with the investigation that is taking place by the Department of Fisheries, and which, I believe, is still not completed.

TRANSPORT

ST. LAWRENCE SEAWAY—WELLAND CANAL BLOCKAGE

Hon. Richard J. Stanbury: Honourable senators, through the media we have learned that there has been a partial collapse of one of the locks in the Welland Ship Canal. I am advised that this has caused tremendous concern among shipping people because there is no alternative port at which they can unload their cargoes. It also means that undoubtedly there will be a layoff of a large number of people.

Is the Leader of the Government in a position to give us a report on the situation, how quickly the lock might be repaired, and what has been done about finding alternative ports and dealing with the layoffs caused by this collapse?

Hon. Duff Roblin (Leader of the Government): Honourable senators, it is true that the shipping industry as a whole on the Great Lakes is suffering from hard times, because not only are they blocked at the Welland Canal right now, but the volume of grain movements has been substantially reduced. There has been serious hardship among the people who earn their living in that shipping system.

The lock of the Welland Canal, as my honourable friend knows, is the only way of getting from one lake to the others, and so its blockage is a very important matter. The situation is in the hands of the St. Lawrence Seaway Corporation, which is looking into it. It is not a direct government operation.

I will ask my colleague, the Minister of Transport, to find out what he can about the situation and what steps can possibly be taken to rectify it.

DELAYED ANSWERS TO ORAL QUESTIONS

REQUEST FOR ANSWERS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, can the Leader of the Government give me a progress report on the questions I asked a month or so ago?

Hon. Duff Roblin (Leader of the Government): Honourable senators, while I convey my honourable friend's reminders faithfully, the answers have to be given in the committee. That is where the minister made her statement. So we can raise the matter again in committee tonight, and we will see what happens.

Senator Frith: But the minister will not be there tonight.

Senator Roblin: But we will find out.

CONDOMINIUM ORDINANCE VALIDATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. Jack Marshall moved the second reading of Bill C-73, to validate certain ordinances of the Yukon Territory and the Northwest Territories.

He said: Honourable senators, the purpose of Bill C-73, the Condominium Ordinance Validation Bill, is to allow the construction and sale of condominium housing in the Northwest Territories and the Yukon.

The old Land Titles Act happens to be holding back new housing development in the Yukon and the Northwest Territories. That act of 1894 applied to the northern and western lands that Canada took over after Confederation. As part of the housekeeping legislation of those times, it allowed the proper registration of titles.

As new western provinces came into being, they wrote their own laws for the same purpose, but the federal Land Titles Act has remained in force for the Northwest Territories and the Yukon.

Today the Territories have themselves taken over many aspects of government. Indeed the Registrar of Land Titles for the Northwest Territories acts almost as an employee of the territorial government; the office is located with the territorial offices and advice comes from the territorial public service. But the appointment remains a federal appointment, and the registrar has to abide by the federal Land Titles Act. This act holds back housing by the technicality that it makes no provision for registering titles to condominiums.

The writers of the original law had no crystal ball and gave no thought to this future form of ownership. They dealt with the situation as they saw it. Land titles were generally a straightforward matter; somebody owned a piece of land and a building, and that was that.

[Senator Roblin.]

In our time, of course, the condominium form of ownership has become popular. By selling to multiple owners, builders can reduce the cost of construction and services, and condominiums today can offer good and convenient private accommodation, often at a lower price.

Provincial governments have rewritten their laws on titles to take account of condominiums. But the territorial governments remain under the provisions of the old Land Titles Act, which ignore the existence of condominiums.

The Northwest Territories in 1969 and the Yukon in 1968 passed ordinances that would make it possible to register condominiums. Later, however, the federal Department of Justice formed the opinion that the Territories had gone beyond their authority and that their ordinances conflicted with the Land Titles Act.

One solution was to change the act. The previous federal government twice started out to do so, but each time, however, other bills took priority and Parliament never got around to changing the act to allow registration of condominiums in the north.

Another simpler solution involves passing an act which would validate existing territorial condominium ordinances, which also, in effect, amends the Land Titles Act, and it is this latter validation route that is proposed for both Territories in the bill I am introducing today.

I mentioned that condominiums can cut expenses through owners sharing costs. It is expensive enough in southern Canada to bring in services such as water and sewerage. Installing them in places like Yellowknife, in the cold and rocky Canadian Shield country, takes on new dimensions of difficulty.

The cost of transporting materials to the north, the cost of labour, the short construction season, the nature of the land and climate, all add to the expense of a house; and to cut costs and add convenience, builders have wanted, and still want, to put up condominiums—but the law gives the potential owners no way to register their titles. So, one can imagine the frustration of both builders and buyers.

Some builders in the Northwest Territories started out to build condominiums, but, because of the law, had to rent out the units rather than sell them to individual owners. In Yukon, the Registrar went ahead and registered some 130 units, but some uncertainty hangs over the titles.

• (1500)

Northern communities have a crying need for housing. Last year the Legislative Assembly of the Northwest Territories set up a Special Committee on Housing. After holding 60 meetings and visiting 40 communities it published its report. The report offered more than 80 recommendations. The special committee wanted its co-chairmen to act as a special implementation review committee to ensure the government acts upon the recommendations. In Yellowknife, which has nearly one quarter of the population of the Northwest Territories, the vacancy rate for apartments is zero. The mayor of Yellowknife spoke on the subject before the Standing Committee on Indian

Affairs and Northern Development in the other place. He said that for housing in his city there was a shortfall in the immediate future of at least 250 units.

Economic growth in the north has increased the pressure for housing. Mineral exploration activity, the new regional hospital, the opening of new and/or branch offices have all increased demand in Yellowknife. The mayor of that city also spoke about house prices. With the expense and general difficulties of northern construction, a trailer on a privately-owned lot can cost up to $95,000 and a newer single family house can cost almost $160,000. It is almost as expensive as Ottawa! Condominiums could provide housing at an intermediate price, and give these families a better chance to have their own place. But, of course, the lack of provisions to allow the registering of condominiums prevents them.

The solution being proposed in the bill has the support of the City of Yellowknife, the Northwest Territories Association of Municipalities, the Yellowknife Chamber of Commerce, of MLAs of the territorial governments, the real estate communities and northerners in general. As for opposition, there has been none. The act, once passed, will affect only property that is already in private hands. The changes will have no effect on crown lands or native land claims. Amendments will give builders the chance to build and residents the chance to buy. In the other place, the honourable member for Western Arctic, Mr. Dave Nickerson, drew attention to the issue by putting forward a private member's bill affecting the Northwest Territories. The Minister of Indian Affairs and Northern Development offered to make the initiative into a government bill and to widen it to include Yukon. Honourable members of all parties on the Commons Standing Committee on Indian Affairs and Northern Development unanimously asked for action on the matter. The other place has dealt with it and now the responsibility rests with us.

I note in the *House of Commons Debates* that the members of the opposition parties who spoke on the bill spoke very highly of it and asked for immediate passage. This bill helps individuals, helps families, and helps the northern economy with jobs and investment. Everything about the bill seems clear and straightforward. Builders and potential buyers are only waiting for us to pass the bill, and that being the case, I would ask honourable senators to give this very useful bill their prompt consideration and support.

On motion of Senator Lucier, debate adjourned.

CANADA'S INTERNATIONAL RELATIONS

SPECIAL JOINT COMMITTEE—INTERIM REPORT ON BILATERAL TRADE WITH UNITED STATES AND CANADA'S PARTICIPATION IN RESEARCH ON STRATEGIC DEFENSE INITIATIVE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Interim Report of the Special Joint Committee on Canada's International Relations pertaining to Bilateral Trade with the United States and Canada's Participation in Research on the Strategic Defense Initiative, tabled in the Senate on 17th September, 1985—(*Honourable Senator MacEachen, P.C.*).

Hon. Phillippe Deane Gigantès: Honourable senators, I would like to thank Senator MacEachen for yielding to me at this stage of the debate on this issue.

The Hon. the Speaker *pro tempore:* Senator MacEachen, do you yield to Senator Gigantès?

Senator MacEachen: Yes, Your Honour. It will give me a chance to speak at another time.

Senator Gigantès: There was a pre-arrangement. My leader is a very reasonable and indulgent man—

Senator Doody: He must be.

Senator Gigantès: —like other Canadians. My admiration and love for Canadians started during World War II when I met people like Senator John Morrow Godfrey and Senator Marshall and I developed a passionate concern for this country which was to become mine eventually. It is a special, distinct and wonderful country, a country in which Senator Phillips, who has a reputation for being—

Senator Doody: Careful now.

Senator Gigantès: —a fire eater, is decent enough to accept an apology and have a good relationship with me, as has Senator Walker and Senator Flynn, who is not here and with whom I regret not being able to exchange some barbs today, but with whom I have a warm relationship. The warmth I feel toward this whole country leads me to talk about free trade, because I fear.

I would like to recount for your benefit the remarks of Dr. Eric Kierans on the "Morningside" program of the CBC last Tuesday, October 8. I do this because I share, as do many other Canadians, his disquietude over the free trade negotiations with the United States. Some honourable senators may feel this matter has been sufficiently debated, or that it should be left to the negotiators and that the rest of us should be quiet. Some others want to keep the issues in the public domain. Dr. Kierans, a noted economist and, incidentally, a very successful businessman said:

> What we are getting into with the United States is like tossing a shark and a plump little tuna into the same swimming pool. It has nothing to do with free trade.

He continues:

> The pure theory of free trade is something equivalent to the Judaeo-Christian ethic—do unto others as you would that others do unto you. Free trade theory presupposes a state of full employment, no government intervention (and since Keynes we have all kinds of that), a gold standard by which to judge things objectively. Then you can look at a trading situation between, say, England and Portugal. England is better at making cloth; Portugal is better at making wine. Then England takes over the making of all the cloth and Portugal takes over the making of all the wine. But then we must ask what

happens if you have a country that is better at producing everything. If England is better at producing both cloth and wine than is Portugal, the theory says, England still must be better at producing cloth rather than wine. That being the case, in conditions of full employment, England puts all her employment into producing all the cloth and lets Portugal put all her employment into producing all the wine.

Now the United States may be better at producing machine tools than lumber. According to the free trade theory, the United States should allow Canada to produce lumber. And in fact we are more efficient at producing lumber than is the United States. And they will not even let us corner the market for those things in which we are more efficient.

The Americans are looking for a surplus with us in merchandise trade to create employment in their country. We too are looking for a surplus from them. Can we both have surpluses?

Dr. Kierans said he was also worried because "all the trade talk is emphasizing a very one-sided option and that option is that growth depends upon increasing export trade. Growth depends also on creating a balanced economy at home. Doing more things here than we are doing now and, in effect, trying to substitute our own industrial output for imports." Dr. Kierans concedes that the Macdonald commission report, in its second volume, says that imports substitution is the wrong way to go and that we should aggressively pursue export promotion. But if every country in the world aggressively pursues export promotion, "who are the losers?" asks Dr. Kierans. There must be some losers. If we are successful in exporting our unemployment, somebody else will lose employment in their country. Unless we first create a fully balanced economy and a competitive economy at home, we will be weak and vulnerable and dependent on the export game, Dr. Kierans says.

● (1510)

Mr. Don McGillivray, in a recent column, deplored the tendency to sing the praises of free trade without examining all the possible problems. For instance, why is it that Canadian provinces have grown so much faster than their neighbouring "Northern Tier" U.S. states? Manitoba's population grew 41 per cent in the 40 years from 1941 to 1981. That of neighbouring North Dakota grew only 2 per cent. In the same 40 years, Alberta grew 170 per cent and Montana only 40 per cent. British Columbia grew 230 per cent from 1941 to 1981 and the State of Washington only grew 137 per cent.

Ontario grew 128 per cent in those 40 years; Pennsylvania only grew 19 per cent and New York 30 per cent. However, in the same period, 1941 to 1981, Florida grew 400 per cent and California 200 per cent compared with New York's 30 per cent.

Projections published in the United States by U.S. authorities predict that New York State will grow 7 per cent between now and the year 2000 and Michigan will grow 3 per cent. But Florida's population will grow 36 per cent and California's population 24 per cent. In other words, investment has moved to the Sun Belt; jobs have moved to the Sun Belt and people have followed.

In the 10-year period, 1970 to 1980, the population of metropolitan areas in the northeast United States declined by 2 per cent, while the metropolitan areas to the south and west grew by more than 20 per cent.

What happens to people here if investments move south because we are no longer allowed by a free trade agreement to subsidize investments? Why should our evolution differ from that of the "Northern Tier" region in the United States? We keep being told about the advantages of having access to the huge U.S. market. The Northern Tier American region has had access to this huge market, and yet their relative position in that market has declined. We, as a separate market, have had a higher rate of growth between 1950 and 1980, both in population and in standard of living, than the United States by 72 per cent compared to 47 per cent. That is a huge difference.

The sort of free trade, or freer trade, now being discussed has built-in inconsistencies, in my view. If capital and jobs in the United States move to the Sun Belt from the Northern Tier, people can follow from within the Northern Tier. However, Canadians would not be able to move to the Sun Belt. If they were allowed to do so, that would be a common market arrangement and not a freer trade arrangement. Could our social policies then be continued if we are losing our tax base, our investments and jobs to the Sun Belt?

When we can no longer offer the inducements we now offer to investors, because the U.S. calls these "subsidies," the only inducement our various regions will have to offer will be a reduction in taxes. We shall have to have the same taxes as the Sun Belt, or even lower, to compensate for the economic burden of our winters. That is fine for the rich, but is it fine for the majority of Canadians?

An October 3 editorial in *The Gazette* puts the case well, and you will allow me to quote from that editorial:

> Logic and the carefully worded statements of public officials both suggest that it is a delusion to think that Canada's distinctive social and cultural policies would emerge unscathed from a free trade deal with the United States. Mr. Clark, who has been given 'ultimate responsibility' for the talks by Mr. Mulroney,—stopped short of promising that cultural industries, including book publishing, would be excluded from the talks—
>
> The issue is real. Washington recently indicated it might like Canada to alter some of its cultural policies. The U.S. seems especially miffed by a federal policy designed to increase Canadian ownership in the book publishing industry, which now stands at 20 per cent.
>
> Meanwhile, American border broadcasters probably will seek changes to Canadian rules that allow Canadian advertisers to claim a tax deduction for ads they place on Canadian stations but not on American ones, and that let cable companies broadcast Canadian ads on American

channels when they show a program at the same time as a Canadian station does.

And U.S. Ambassador Thomas Niles suggested last weekend that a 'dispassionate' discussion of cultural industries would be welcome.

The Gazette editorial continued:

Once free trade began, there also would be market pressures on Canadian social policies. In order to lure new investment, or to stop Canadian companies from moving south, Ottawa probably would find itself pressed to ease up on environmental, health and labor regulations, and to cut the taxes that pay for social programs.

If Canada somehow did emerge from negotiations without having to change its social and cultural policies, it probably would have found it necessary in return to make concessions in some other area.

Those who argue in favour of a trade deal with the United States say that Canada won't be able to afford its social and cultural policies unless the Canadian economy gets the shot in the arm that many feel free trade would bring. But a wider, international, trade deal would be better for Canada than tying itself more closely to the United States. It would mean greater market access for Canadian exporters without having to toe the U.S. line on 'subsidies'. In international negotiations, Canada could expect to have its position on subsidies bolstered by Western Europe and others whose views on government participation in the economy and culture are closer to those of Canada.

The Gazette continues:

The Canadian Chamber of Commerce, meeting in Saskatoon, has passed a resolution favoring government moves toward free trade but calls for a mechanism to ensure free trade does not infringe on Canada's freedom to make trade, industrial and social policies. That have-one's-cake-and-eat-it stance is naive.

If the economic benefits of free trade are large enough—and they may not be—then Canadians might well consider such an arrangement worthwhile. But they should stop deceiving themselves about the likely cultural and social side effects.

To repeat—and I am speaking now and not quoting from *The Gazette*—why should we expect to do better out of free trade than have America's Northern Tier states? They decline, while the Sun Belt thrives. They have declined while we, without free trade, have done much better. The power of self-delusion is dangerous. Band wagons can turn to juggernauts. Let us not run over ourselves because we are dazzled by one side of a shiny coin.

On motion of Senator MacEachen, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 17, 1985

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

Prayers.

[*Translation*]

INCOME TAX ACT
TAX COURT OF CANADA ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Lowell Murray, Chairman of the Standing Committee on Banking, Trade and Commerce, presented the following report:

Thursday, October 17, 1985

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

EIGHTH REPORT

Your Committee, to which was referred Bill C-72, intituled: "An Act to amend the statute law relating to income tax and to make a related amendment to the Tax Court of Canada Act", has, in obedience to the Order of Reference of Wednesday October 9, 1985, examined the said Bill and now reports the same without amendment.

Respectfully submitted

LOWELL MURRAY
Chairman

[*English*]

THIRD READING

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

Hon. Lowell Murray: At the next sitting of the Senate.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we have no objection to giving it third reading today.

Senator Murray: Then, with leave of the Senate and notwithstanding rule 45(1)(b), I move third reading now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

BANKING, TRADE AND COMMERCE

NOTICE OF COMMITTEE MEETINGS

Hon. Lowell Murray: Honourable senators, with the indulgence of the Senate, because the Standing Committee on Banking, Trade and Commerce has such a busy schedule of meetings, may I be permitted to draw to the attention of the Senate that the committee will meet next week: on Monday afternoon, at 2 o'clock; on Tuesday morning, at 9.30; on Wednesday afternoon, at 3.30, and again that day at 8 p.m.—and possibly on Thursday morning, although it is not yet confirmed.

Hon. Royce Frith (Deputy Leader of the Opposition): Am I right in saying that the meeting on Monday has witnesses starting at 2 o'clock, the last group being scheduled to appear at 6 o'clock?

Senator Murray: That is correct.

BUSINESS OF THE SENATE

ADJOURNMENT

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

That when the Senate adjourns today, it do stand adjourned until Tuesday next, October 22, 1985, at 2 o'clock in the afternoon.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, before leave is granted to pass this motion which brings the Senate back on Tuesday next, I would like to have some indication as to what government business will be before the Senate. I understand that there is a heavy schedule of committee meetings, and I believe that senators will be here to deal with that burden of committees, but I do not see the point of sitting in this chamber three days next week when there is hardly any government business before us.

I may not be fully informed, but I have made inquiries and I am told that it is unlikely that there will be any legislation coming from the House of Commons for several days; that if there is any item that may come, it will not be of urgent importance and could be dealt with at a later time.

What I am really asking, honourable senators, is: Is it useful to bring the chamber together—quite apart from the committees, which ought to meet—unless we have some important government legislation? My understanding is that we do not. If we do, of course, it would be our obligation to sit in the chamber next week.

Senator Doody: Honourable senators, I can fully appreciate what the Leader of the Opposition is saying. I have to report that there is no great rush of government business coming from the other place. The purpose of sitting during the coming week was to facilitate the committee work. It is our desire to have as many senators here as possible to fill the ranks of the committees so that the legislation and other matters before them can be properly treated.

It might be of advantage to all senators if, perhaps, the Deputy Leader of the Opposition and I spoke about the suggested adjournment privately. Perhaps we can come to a resolution on the matter and refer back to the Senate a little later this afternoon.

In the meantime, we could stand this motion at this point, if that is agreeable.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I think that is a good idea.

I do want to make a comment about committees. Senator Doody and I agree on this and I think many senators also agree. During the last year committees have been meeting even when the Senate was not sitting. It had become rather a tradition that the Senate would sit simply in order to accommodate the committees. That tradition, I think, has blessedly been eroded a little by recent practices. That is very encouraging. We have found that committees are able to meet on Mondays and sometimes on Fridays. In fact, the Standing Senate Committee on Banking, Trade and Commerce has been meeting on Mondays with good attendance, and I think that is a very salutary development.

Therefore, I hope we can work something out, and we will take this opportunity to divorce Senate sittings from opportunities for the committees to do their work. I agree that we should stand this motion for the moment, and Senator Doody and I will then confer on the matter.

The Hon. the Speaker *pro tempore:* Honourable senators, is it agreed that we revert to Notices of Motions later this day?

Hon. Senators: Agreed.

Motion stands.

QUESTION PERIOD

[*English*]

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS

Hon. H.A. Olson: Honourable senators, yesterday we had an interesting discussion about the negotiating position of the Canadian government in the proposed trade discussions with the United States. In one of his answers, the Leader of the Government indicated that some further discussions with the provinces were needed.

I found out late yesterday that the Minister for International Trade has indicated that what they really want or what they really need, because of United States insistence, is that the provinces should delegate the power to negotiate in areas where they have exclusive jurisdiction to the federal negotiator. Is that what the discussions with the provinces are about—the delegation of this authority to a federal negotiator?

Hon. Duff Roblin (Leader of the Government): Honourable senators, in cases of international trade, it has always been necessary for us to move in conjunction with the provinces, and that has always been successful.

Last night, before the Standing Senate Committee on National Finance, the Minister for International Trade was present and gave a pretty thorough explanation, resumé and rationale of the entire process that was under discussion here yesterday. I, for one, am grateful that he did, because he said it in an authoritative way, which I am afraid, not being the minister in charge, could hardly be expected of me.

I will make sure my honourable friend receives a copy of the minister's statement. If I may take the liberty of doing so, I should like to recommend that all senators who are interested in trade take a look at that because it is a most interesting statement and sets out the practical course we hope to follow.

Senator Olson: Honourable senators, I asked what the Canadian negotiating position was going to be and I was told that the answer would be forthcoming only after these other discussions. I did not realize at the time that the United States had already laid on the table what it wants. It wants a federal negotiator, or a negotiator, which is almost a single window or a single desk. They are insisting on having on the table such things as liquor sales, and so on, which are exclusively within provincial jurisdiction.

It seems to me that, since the United States has indicated the terms and conditions under which it will come to the table and negotiate, we ought to have some right in one of the houses of Parliament to know what the Canadian position is. The minister said that they wanted to work in concert with the provinces, but that is not what the United States is asking. They want to deal with one person.

Senator Roblin: We will have more problems than one in respect of provincial liquor policies because we are under siege at GATT on exactly that issue. It may be that it will come to a head before anything happens with our trade with the United States.

The whole question of the process of negotiation—who is going to do it; who is going to be consulted; and how we are attempting to arrive at a national consensus—was, I think, dealt with effectively by the minister last night. I think my honourable friend will have the principle of his question answered when he sees that statement.

Hon. Royce Frith (Deputy Leader of the Opposition): He will not find that in the statement. The minister said a lot more in his evidence.

Senator Roblin: That is quite so. My honourable friend was present and took part in the proceedings, as did the Leader of the Opposition.

Hon. Allan J. MacEachen (Leader of the Opposition): I thought the questions were well put.

Senator Roblin: The questions were satisfactory and they evoked magnificent answers, in my opinion. You cannot ask for more than that.

I did not intend to say—and I hope I did not say—that I was only going to send him the minister's statement, because I quite agree that was just the opening gun. The two-hour discussion ranged over all the topics that I know interest my friend, and I intend to see he gets the whole works.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I think it would be rather mean of me not to announce that today I received from someone answers to my questions. The answers I have been pressing for with regard to the banks' affair arrived on my desk today. I thought the Leader of the Government was going to provide them today, and I was going to thank him for them.

I cannot say that I find them perfectly satisfactory, but I am sure that does not shock anyone, because I do not remember, when we gave answers to questions, people frequently springing to their feet on this side with praise for how satisfactory they were.

● (1410)

However, I did receive the answers. I can tell the Leader of the Government in the Senate that I may be pressing him for more details, but for the moment I am off the leader's back on that particular issue.

Hon. Duff Roblin (Leader of the Government): I am pleased that my honourable friend has been kind enough to mention that. I have to say that the information was enclosed in a plain, brown envelope, and was sent courtesy of the Chairman of the Banking, Trade and Commerce Committee.

Hon. M. Lorne Bonnell: Honourable senators, my question is to the Leader of the Government in the Senate. I understand from the Deputy Leader of the Opposition that he received the answers. However, since the questions were asked on the floor of the Senate, I think it only proper that the answers be given on the floor of the Senate so that all honourable senators may hear them. Placing answers to questions on the desk of the Deputy Leader of the Opposition is not good enough.

Senator Roblin: I am inclined to agree with my honourable friend, and I shall see that all honourable senators receive copies of those answers.

AGRICULTURE

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT

Hon. Joyce Fairbairn: Honourable senators, I would not want the week to pass without asking the Leader of the Government in the Senate whether or not the question of the 1983 stabilization payment for sugar-beets was raised in cabinet.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am afraid I cannot tell my honourable friend whether or not that subject was raised in cabinet, but I can tell my honourable friend that the Minister of Agriculture has prepared a recommendation which will be considered as soon as possible.

Senator Fairbairn: I should observe that I am definitely wanting to attribute the success of this to my honourable friend, the Leader of the Government in the Senate. He may have noted that there has been some confusion in recent days about the position of the Minister of Agriculture on the question of this payment. Indeed, the minister wrote a letter to one of my colleagues in the House of Commons, which quite properly was raised in that House earlier this week, in which he said that there would be no payment. When questioned, the minister was unable to remember having written that letter, although it was not a form letter but a "Dear Maurice,—Sincerely, John" letter.

The conclusion I should like to draw from that is that the Leader of the Government in the Senate is very much carrying the torch on this and will urge his colleagues to present the program to the cabinet just as quickly as possible for the farmers who did, in good faith, grow that crop in 1983.

Senator Roblin: I would be surprised if "Dear Maurice" receives another "Dear John" letter very soon. All I can say is that I can give no undertakings—and I repeat that I can give no undertakings—to my honourable friend as to what the results of the policy study will be. All I can tell my honourable friend is that this is being considered. I think it is also fair to say that there is a delegation of sugar-beet people in town today and undoubtedly they will be seeing the minister on this question. I must tell my colleague that the matter has not yet been settled.

Senator Olson: But you are going to bat for her, and that is important.

[*Translation*]

INDUSTRY

NEW BRUNSWICK—CLOSURE OF STAR-KIST PLANT—GOVERNMENT ACTION—REQUEST FOR ANSWER

Hon. Eymard G. Corbin: Honourable senators, the Leader of the Government in the Senate will recall that I asked a question yesterday about his comments in reply to my question of October 1.

At that time, 17 days ago, I asked whether the government had a plan to let the workers at the Star-Kist plant in St. Andrew's keep their jobs.

Readers of *Quorum* will have noted today on page 4 an article saying that Mr. Nielsen, the Deputy Prime Minister and Acting Minister of Fisheries and Oceans, stated yesterday after the Conservative caucus meeting that he would discuss the closure of the plant with various officials to assess the

possibilities of providing assistance to the workers laid off at this plant.

I raised this issue 17 days ago. The unfavourable effects of this bad publicity could already be foreseen as well as the negative impact this would have on the jobs in St. Andrew's.

Seventeen days have gone by. Apparently, the government has not yet examined the important question of preserving the jobs still remaining in New Brunswick.

Can the Leader of the Government give us any fresh news about this matter today?

That is my question, honourable senators.

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I took notice, as my honourable friend did, that the minister in charge of Fisheries is looking into this matter, and I know that he is proceeding to do that. I have no further information on the point at the present time.

THE SENATE

MOTION TO AUTHORIZE BROADCASTING OF PROCEEDINGS—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Davey, seconded by the Honourable Senator Frith:

That the Senate authorize arrangements for radio and television broadcasting of its proceedings and those of its committees,

And on the motion in amendment thereto of the Honourable Senator Phillips, seconded by the Honourable Senator Doody, that the motion be not now adopted, but that the subject-matter thereof be referred to the Standing Committee on Internal Economy, Budgets and Administration.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): If other honourable senators wish to speak on this motion at any time, I ask them to please signify their intention to do so. I intend to speak to it, but I do not want to hold it up in any way.

Order stands.

THE CABINET

ACCESS TO INFORMATION—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Davey calling the attention of the Senate to the Government's preoccupation with secrecy.—(*Honourable Senator Davey*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I stated yesterday that I expected Senator Davey to deal with this order today. He will not be doing so and his absence may have something to do with a certain event in Toronto last evening. In any case, he is not prepared to proceed today and will deal with it next Tuesday, or the following one, depending on what happens when we revert to Notices of Motions.

Senator Doody: There are varying degrees of being reborn.

Senator Roblin: Tell him that he had better have a darn good reason!

Order stands.

THE RIGHT HONOURABLE PIERRE ELLIOTT TRUDEAU, P.C.

RECORD OF ADMINISTRATION—DEBATE ADJOURNED

Hon. Philippe Deane Gigantès rose, pursuant to notice of Tuesday, September 17, 1985.

That he will call the attention of the Senate to an examination of Mr. Trudeau's record.

He said: Honourable senators, tomorrow, October 18, is the birthday of the Right Honourable Pierre Elliott Trudeau. To the delight of his friends he is in fine fettle. His muscles, when one pats his arm, are of iron. Girls turn to look at him, admiringly, in the street.

His mind is sharp, as always. His wit sparkles, as always. His grace and class are, as always, unparalleled. He inquires, affectionately, about former companions or antagonists.

He does not stoop to criticize those who have followed him. He continues in his way, stoic, never blaming others. At meetings with former associates, he never indulges in the sterile second-guessing of anyone. He talks of issues, national and international—of their essence, not of their partisan aspects. He still asks the three questions that Canada must ask, the three questions to which Mr. Trudeau devoted his life: How do we survive? How do we prosper? How do we remain ourselves? The specific answers to those questions, he says, are difficult and changing because the world changes. How we answer is fluid; what we answer is not.

• (1420)

Peace is how we survive. The pursuit of the means to control the arms race is more vital to survival than any military contribution by a small power. When one is the best friend and neighbour of a giant who is also one's main protector, a difficult balancing act must be achieved between offering help and offering good, but not necessarily welcome, advice. Here, Pierre Elliott Trudeau gave much of himself to this important task.

On the matter of keeping Canada prosperous, the 15-year record from 1968 to 1983 inclusive is there for all to see in the statistics of the Organization for Economic Co-operation and Development. Fifteen years is a term long enough to establish a trend. It is such long term trends that are significant, not short term blips on the chart. During those 15 years after 1968, many of them turbulent for the world economy, the

Canadian economy grew, on average, by 3.4 per cent per year. That is a faster rate than that of the United States, Germany, Italy or the United Kingdom, and a rate equivalent to that of France. Among summit countries, only Japan recorded a higher growth rate; indeed, the average growth rate for these six countries was just under 3 per cent. Put another way, the size of the Canadian economy increased by 64 per cent between 1968 and 1983, or by almost 10 per cent more than the average of the other six most powerful western economies.

There were in excess of 3 million more Canadians employed in 1983 than in 1968. That is an increase of 42 per cent. The comparable average for the other six summit nations is only 15 per cent. In other words, Canada, under Pierre Trudeau, created new jobs at about three times the rate of its major economic partners. By the end of August, 1985, the current government had been in office one year. Canadian employment in those 12 months grew at a rate of 2.65 per cent. In Mr. Trudeau's last August to August period, 1982 to 1983, at the trough of the recession, employment grew at a rate of 3.1 per cent. He does not bother to remind anyone of this.

Canada's record for absorbing new workers into the economy was remarkable over the Trudeau period, especially as regards women. In 1968, 2.5 million women, or 37 per cent of working-age women in Canada, were employed. In 1983, these figures had risen to 4.5 million, which constitutes 52.6 per cent of working-age women.

This spectacular rise in female employment contributed to the fact that Canada's labour force grew far faster than that of any of the OECD countries. This helps to explain why Canada's unemployment rate in 1982 was then 3.7 times that of 1968. In contrast, the labour forces of the six other major OECD countries grew at half the Canadian rate, yet their unemployment rate grew 2.8 times over the same period.

Prior to the first 1973 oil shock, inflation in Canada was somewhat lower than the average for the summit nations. Over the period following this, through the second oil shock, domestic inflation rose to an annual average of 9.4 per cent, only slightly above the 9.1 per cent average for the major OECD countries. However, in the post-recession period, Canada's inflation rate fell faster than that of almost all OECD countries. Mr. Trudeau left us an inflation rate of 4 per cent.

Per capita disposable income after taxes and inflation—a widely used measure of standard of living—grew about 60 per cent in Canada in the Trudeau years. This is well above the 44 per cent increase in Canada over the previous 15-year period, and compares extremely favourably to the 35 per cent increase in the U.S. over the same period.

Canadians in every region of Canada shared in these real income gains, and, next to Albertans, residents in the poorest provinces saw their incomes grow at the highest rate. This tremendous growth in real income has also financed a 74 per cent increase, over and above inflation, in consumer spending, as well as the construction of more than 3 million new homes.

[Senator Gigant]

Contrary to public belief, Canada devoted a larger share of its gross national product to business investment than most of the other summit countries during Mr. Trudeau's years.

As to how we remain ourselves, Pierre Elliott Trudeau had a very clear perception of who we were, federally bilingual, nationally multicultural. He saw diversity and freedom as the foundations of unity. He was ready to fight for his vision. Even those who disagree with this vision do not doubt the strength and tenacity with which he pursued it.

He cared deeply also for the freedom of the individual, and there is a solid legislative record to illustrate this care. There is the Constitution and the Charter, and much more. He wanted a nation under the law, and when lawlessness challenged, he stood firm. Let me quote from the column in last Sunday's *Toronto Star* by Professor Anthony Westell of Carleton University. The title is "History 101," and it says:

> This being the 15th anniversary of the October Crisis in Quebec, we are being treated to rewrites and reinterpretations of those historic events. The terrorists are now quite often presented as misguided Boy Scouts who have settled down to lead useful and respectable lives and, in some cases, have become public heroes. Pierre Trudeau, on the other hand, passes into popular history as the autocratic Prime Minister who sent the troops to occupy Quebec, imposed the dictatorship of the War Measures Act, and arrested all the real patriots in Montreal. Well, it wasn't like that at all.
>
> The FLQ had been active in Quebec for years before the kidnapping of British Trade Commissioner James Cross in October, 1970. Terrorist bombs had killed seven people and injured others. Plans to kidnap first the Israeli consul and then the U. S. consul had been discovered and foiled in time. The terrorist objectives were always the same: To seize a hostage and demand the release of bombers and murderers already in jail—just as Palestinian terrorists seized a liner—and demanded the release of their friends in jail in Israel.

Hon. David Walker: While my honourable friend is on the subject of statistics, can he tell us the increase in the debt, year by year, or, if that will take too long, the total debt increase during the 16-year period that Mr. Trudeau held power?

Senator Gigantès: I shall be glad to do that in the next instalment of this speech. I will devote it to answering your question, sir. There will be many opportunities. I still have something close to 13 years in the Senate, and I shall be speaking on this subject repeatedly and will address myself to your question, sir. I am glad you brought it up.

Professor Westell went on to say:

> The FLQ hoped also to foment a socialist revolution that would separate Quebec from Canada, and they won a disturbing measure of support from romantic intellectuals, excitable students, and radical labour leaders. The Quebec government took the situation seriously enough to request troops to support the police, and, under the law, the federal government had no option but to send the

soldiers to Montreal—The later proclamation of the War Measures Act also was done at the request of the Quebec government and of the municipal and police authorities of Montreal—

• (1430)

Professor Westell continued:

One can still have a good argument about whether the use of the War Measures Act was justified, but there is no room for argument at all about who were the thoroughly bad guys and who were the good guys—

Then there were Mr. Trudeau's intangible achievements. He contributed to making us less stuffy. He gave us panache. We discovered, through him, that, maybe, we were not tongue-tied hunks in mountie scarlet but quite dashing, deep down.

There were those who hated him and those who loved him. But there was none who was left indifferent, and that indicates a great contribution to public life. He brought public life closer to the centre of our private lives. "That's how it should be," Pericles said, 25 centuries ago, in the Golden Age of Greece, according to Thucydides whose history Pitt the Elder called "the manual of statesmen."

On motion of Senator Gigantès, debate adjourned.

VETERANS AFFAIRS

NOTICE OF SUBCOMMITTEE MEETING

Hon. Jack Marshall: Honourable senators, with regard to the meeting of the Subcommittee on Veterans Affairs which is due to take place when the Senate rises or at 4 o'clock, it now appears that we will be able to move the meeting forward to about 3.15 p.m., in Room 356-S.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, we have now had an opportunity to discuss the matter of the adjournment. We have agreed that the work of the committees must not be impeded—and I am sure that honourable senators will join with me in ensuring that we have full membership at committee meetings. So, after consultation and by agreement with our separated brothers and sisters across the floor, I move, with leave of the Senate and notwithstanding rule 45(1)(g):

That when the Senate adjourns today, it do stand adjourned until Tuesday, 29th October, 1985, at 2 o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

NOTICE OF COMMITTEE MEETING

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, before we adjourn and arising out of the motion we have just passed, I should point out that the Internal Economy Committee is scheduled to hold its regular meeting next Tuesday at 9.30 in the morning. There are three reasons for trying to re-schedule that meeting for 2.30 in the afternoon of that day. The Senate will not be sitting and this will open up that time slot for us. The other two reasons are that it will accommodate the Speaker, who is chairman of the committee, and it will remove the conflict between that committee's meeting and the Banking, Trade and Commerce Committee meeting scheduled for 9.30 the same morning. I, for one, would like to attend both committee meetings and there may be others who feel the same way. So, if honourable senators are planning to attend the Internal Economy Committee meeting next Tuesday, it may not be at 9.30 but at 2.30. We shall try to get definite word around as quickly as possible, and I ask committee members to check with their secretaries.

STATUS OF WOMEN

1985 PERSONS AWARDS

Hon. Martha P. Bielish: Honourable senators, on October 18, 1929, women in Canada won the legal right to become senators. This victory was won through the efforts of the "famous five" Alberta women: Emily Murphy, Louise McKinney, Nellie McClung, Irene Parlby and Henrietta Muir Edwards. These five women signed the petition that requested an amendment to the British North America Act to grant women "persons" status.

The Persons Awards, which recognize outstanding contributions made towards improving the status of women in Canada, began in 1979, to celebrate the fiftieth anniversary of the Persons Case.

Today Her Excellency the Governor General will present this award to six persons at Government House. The recipients are Grace Hartman, of Willowdale, Ontario; Marguerite Bergeron-Tremblay, of Alma, Quebec; Nazla L. Dane, of Toronto, Ontario; Evelyn O'Bomsawin-Lamirande, of Tracy, Quebec; Gemma Pelletier Caron, of Campbellton, New Brunswick; and Pearl Steen, of Vancouver, British Columbia.

These recipients continue the tradition of courage, integrity and hard work toward improving the status of women in Canada.

Hon. Senators: Hear, hear!

The Senate adjourned until Tuesday, October 29, 1985 at 2 p.m.

THE SENATE

Tuesday, October 29, 1985

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

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

29 October 1985

Sir,

I have the honour to inform you that The Right Honourable Brian Dickson, The Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 29th day of October, 1985, at 4.45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Esmond Butler
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I think this is an appropriate time at which to raise a point of order and procedure. Noting that the first item of business on the Scroll is the Royal Assent notice and then looking at the Orders of the Day and the business before the Senate, we find that the only item of legislation requiring us to sit here in the chamber is Order No. 1 dealing with Bill C-73, to validate certain ordinances of the Yukon Territory and the Northwest Territories. Senator Lucier is ready to proceed for our side on that matter today. He has told me that, essentially, he will recommend support for that bill and there would seem to be no reason why we should not give it third reading today.

That would mean that we would have virtually no business for the rest of this week, for next week and perhaps even for the week after that. By that, I mean there will be no business for the Senate in the Senate chamber.

On an earlier occasion, I mentioned that, in my opinion, we are proceeding in a very desirable way when we keep our committees active even when the Senate is not sitting in the chamber and that we stop what has been, I think, an undesirable practice—and I know in the past I have participated in and supported this very practice—of scheduling a Senate sitting just for the sake of the committees when there is really no business for the Senate to consider. It seems to me that all sides agree that that is not desirable.

I mention this matter at this stage because, in the normal course, when we finish Royal Assent there will be a motion for adjournment and that adjournment will be until tomorrow unless we do something about it in the meantime. It may be that we should consider not specifying an adjournment date for the Senate, but instead should attempt to find a way to consult on a procedure for calling a Senate sitting when the government is able to tell us that there is sufficient business for us to deal with here in the chamber. This will not affect in any the sittings of committees in the meantime.

We have the opportunity of talking about that matter right now, or, in the alternative, consulting between now and when the adjournment motion is made at the end of the day.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I fully appreciate what the Deputy Leader of the Opposition has said. I agree that there is very little government business, as such, before the Senate as a legislative chamber at this point.

However, a great deal of work is being done by the committees. As a matter of fact, I should like to congratulate honourable senators for their attendance at committee meetings last week when the Senate stood adjourned. I should like it on the record that the committee work went on not only at the normal rate, but that those meetings were over-attended in comparison to what we are used to. I think that augurs well for the suggestion Senator Frith has made.

At the moment I am not prepared to say that we should adjourn, until we are informed of the business coming from the other place. I know that there is a great deal of government legislation in the new legislative apparatus that has been established in the House of Commons. I cannot say when that legislation will surface or how quickly it will come before the Senate. I should like to have an opportunity to discuss the format of that with the government caucus and I assume that

either Senator Frith has already done that with his caucus or would like the same opportunity.

At this moment I agree that there is no purpose in bringing honourable senators back after Royal Assent later this day for the balance of this week. I think we should adjourn until Tuesday, November 5. In the meantime, I will discuss this matter with Senator Frith, and perhaps Senators Roblin and MacEachen would like to discuss the matter. I am not prepared to make a commitment now as to an open-ended adjournment, but can say that when we adjourn this afternoon we probably will adjourn until Tuesday, November 5.

LUTHERAN CHURCH IN AMERICA (CANADA SECTION) AND THE EVANGELICAL LUTHERAN CHURCH OF CANADA

PRESENTATION OF PETITION

Hon. H. A. Olson: Honourable senators, I have the honour to present the following petition:

> Of the Lutheran Church in America—Canada Section, having its head office in the City of Winnipeg, in the Province of Manitoba, and The Evangelical Lutheran Church of Canada, having its head office in the City of Saskatoon, in the Province of Saskatchewan; praying for the passage of an Act for the purpose of permitting them to amalgamate.

Honourable senators, I have a special request to make in view of the discussion that took place a few moments ago respecting the adjournment and the recalling of the Senate. Normally, the Examiner of Petitions would examine the petition I have just presented and report on that tomorrow. Following his report to the Senate after "Reading of Petitions," I would, in the normal course of events, ask leave to present a bill. In view of the discussion that we have just had to the effect that we shall not sit tomorrow, I wonder if it would be possible to expedite the examination of this petition and have it reported to the chamber today. Then we could revert to "Reading of Petitions" today, which would provide the background or necessary preliminaries in order to present a bill. If we are going to adjourn for an indefinite time—however long that may be—it would be useful for honourable senators who are interested in it to have the bill presented so that they can study it.

[*Translation*]

THE PRIME MINISTER

SPEECH ON OCCASION OF FORTIETH ANNIVERSARY OF UNITED NATIONS

Hon. Martial Asselin: Honourable senators, could the Leader of the Government seek the consent of the Senate to table and have printed as an appendix to our official record the speech which the Prime Minister of Canada delivered at the United Nations on the occasion of the Fortieth Anniversary of that institution?

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I shall be glad to do that.

• (1410)

CANADIAN WHEAT BOARD

SPROUTED WHEAT—PRESENTATION OF PETITIONS FOR DIRECT EMERGENCY OPEN QUOTA

Hon. Dan Hays: Honourable senators, I have the honour to present petitions on behalf of a number of soft white wheat producers in the province of Alberta, petitioning the Government of Canada for a direct emergency open quota, through the Canadian Wheat Board, to assist in disposing of 1985 sprouted wheat, thus establishing a cash flow to affected producers.

Some Hon. Senators: Hear, hear.

[*Translation*]

THE ESTIMATES, 1985-86

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) PRESENTED AND PRINTED AS APPENDIX

Hon. Fernand-E. Leblanc: Honourable senators, I have the honour to present the ninth report of the Standing Senate Committee on National Finance. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

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

Senator Leblanc: Honourable senators, I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

(*For text of report see Appendix "A", p. 1416.*)

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

THIRD REPORT OF STANDING JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Nathan Nurgitz: Honourable senators, I have the honour to present the Third Report of the Standing Joint Committee on Regulations and other Statutory Instruments, No. 30, respecting the illegality of certain rules governing the registration of patent agents. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see Appendix "B", p. 1417.*)

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

Senator Nurgitz: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

FOURTH REPORT OF STANDING JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Nathan Nurgitz: Honourable senators, I have the honour to present the Fourth Report of the Standing Joint Committee on Regulations and other Statutory Instruments, No. 31, respecting the illegality of regulations which restrict the quantity of oil that may be carried on board ships in the waters of Head Harbour Passage, New Brunswick. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see Appendix "C", p. 1424.*)

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

Senator Nurgitz: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

EIGHTEENTH REPORT OF COMMITTEE TABLED

Hon. Guy Charbonneau, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's eighteenth report approving the supplementary budget of the Standing Senate Committee on National Finance.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

[*English*]

INTERNATIONAL FINANCIAL SYSTEM AND INSTITUTIONS

CANADA'S PARTICIPATION—FOREIGN AFFAIRS COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. George van Roggen, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Foreign Affairs be empowered to examine and report on Canada's participation in the international financial system and institutions and in particular the International Monetary Fund, the World Bank Group and the regional development banks, including the debt repayment problems of developing countries; and

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination and consideration of such legislation and other matters as may be referred to it, at such rates of remuneration and reimbursement as the Committee may determine, and to compensate witnesses by reimbursement of travelling and living expenses, if required, in such amount as the Committee may determine.

Motion agreed to.

QUESTION PERIOD

[*English*]

AGRICULTURE

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ACTION

Hon. Hazen Argue: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. We have been waiting impatiently for some weeks to hear of the government's announcement of an assistance package for the drought stricken areas of western Canada. Information given in the House of Commons was that this matter was to be dealt with by cabinet today. My question is: Can the Leader of the Government in the Senate say whether it has been dealt with? If so, when might an announcement be made?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can tell my honourable friend that it was dealt with today in a committee of cabinet. It may be referred to the full cabinet at its next meeting, which is very soon. I should point out to my honourable friend something that he is probably well aware of, which is that the Minister of State for the Canadian Wheat Board made a statement the other day about assistance in grain drying, which is, I think, quite significant in that it involves an extra $3,000 interest-free advance over and above all of the other arrangements. It is interesting to note that about 95 per cent of that harvest is now in the bins, some of it a little damp.

Senator Argue: I appreciate those comments. That information, of course, is not news. People are waiting for an announcement. Do I take it that this item has passed the Priorities and Planning Committee and has gone on to be considered by the main cabinet, or will it go to some other committee of the cabinet of a lesser stratum?

Senator Roblin: I think that I had better content myself by saying that it is before a committee of cabinet. I cannot go further than that.

Senator Argue: If I may, I will ask the question again in another way: Will the cabinet be dealing with that matter today or at a later date?

Senator Roblin: I am not in a position to give a firm reply because I do not know, but I suspect that it will be dealt with at the next meeting of cabinet.

Senator Argue: That is, this week?

Senator Roblin: Yes.

METRIC CONVERSION

GOVERNMENT POLICY

Hon. Peter Bosa: Honourable senators, there has been some confusion in the marketplace concerning the metric conversion program. Could the Leader of the Government in the Senate bring us up to date on the policy of the government in connection with metric conversion?

Hon. Duff Roblin (Leader of the Government): Honourable senators, there has been no change in the policy that was announced some time ago by the Minister of Consumer and Corporate Affairs; namely, that the metric policy is the policy of the country but that it is permissible to use the Imperial measure, provided that both are used together. I think the point that my honourable friend is concerned about is that we are still awaiting the regulation which sets out the details of that policy, and I have to admit that that is not yet ready.

• (1420)

UNITED NATIONS

WORLD CONFERENCE ON WOMEN—CANADIAN DELEGATION—BREAKDOWN BY SEX

Question No. 12 on the Order Paper—**By Hon. Jack Marshall:**

17th September—What is the breakdown (by sex) of the numbers of persons named to the Canadian delegation to the United Nations World Conference on Women on July 15-26, 1985?

Reply from the Secretary of State for External Affairs:

The Canadian Delegation to the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women: Equality, Development and Peace, held in Nairobi, Kenya, from July 15 to 26, 1985 numbered 28 persons, of whom 21 were women and seven were men.

VETERANS AFFAIRS

AGING VETERANS PROGRAM APPLICATIONS

Question No. 13 on the Order Paper—**By Hon. Jack Marshall:**

17th September—Since the inception of the Aging Veterans Program, (a) how many applications were received (i) monthly (ii) by category; (b) how many of those applications were (i) approved (ii) refused; (c) what is the average time from the date of application until a decision is made?

Reply from the Minister of Veterans Affairs:

(A)(i)	(ii)		TOTAL	(B)(i) APPROVED	(ii) NOT APPROVED
May 1981	12	pensioners	12	9	3
June 1981	18	pensioners	18	16	2
July 1981	17	pensioners	17	14	3
August 1981	15	pensioners	15	10	5
September 1981	39	pensioners	39	31	8
October 1981	52	pensioners	52	35	17
November 1981	44	pensioners	44	16	28
December 1981	56	pensioners	56	32	24
January 1982	49	pensioners	49	32	17
February 1982	55	pensioners	55	37	18
March 1982	65	pensioners	65	53	12
April 1982	57	pensioners	57	52	5
May 1982	141	pensioners	141	107	34
June 1982	135	pensioners	135	108	27
July 1982	104	pensioners	104	85	19
August 1982	115	pensioners	115	83	32
September 1982	113	pensioners	113	74	39
October 1982	67	pensioners	67	51	16
November 1982	105	pensioners	105	89	16
December 1982	124	pensioners	124	99	25
January 1983	90	pensioners	90	68	22
February 1983	123	pensioners	123	96	27
March 1983	121	pensioners	121	99	22
April 1983	99	pensioners	99	80	19
May 1983	137	pensioners	137	119	18
June 1983	148	pensioners	148	127	21
July 1983	162	pensioners	162	134	28
August 1983	253	pensioners	253	211	42
September 1983	197	pensioners	197	167	30
October 1983	171	pensioners	171	128	43

November 1983	221	pensioners	221	179	42
December 1983	191	pensioners	191	137	54
January 1984	232	pensioners	232	201	31
February 1984	243	pensioners	243	215	28
March 1984	263	pensioners	263	195	68
April 1984	223	pensioners	223	191	32
May 1984	170	pensioners	170	142	28
June 1984	229	pensioners	229	200	29
July 1984	250	pensioners	250	219	31
August 1984	259	pensioners	259	220	39
September 1984	157	pensioners	157	130	27
October 1984	265	pensioners	265	224	41
November 1984	226	pensioners			
	20	others*	246	236	10
December 1984	279	pensioners			
	51	others	330	309	21
January 1985	259	pensioners			
	62	others	321	290	31
February 1985	307	pensioners			
	78	others	385	349	36
March 1985	300	pensioners			
	87	others	387	343	44
April 1985	303	pensioners			
	87	others	390	349	41
May 1985	423	pensioners			
	88	others	511	465	46
June 1985	415	pensioners			
	94	others	509	472	37
July 1985	423	pensioners			
	90	others	513	456	57

* Prior to October 1, 1984, only War Disability Pensioners whose long term health needs were related to their pensioned condition were eligible for the Aging Veterans Program. On that date eligibility was extended to all War Disability Pensioners 65 years of age and older who also receive War Veterans Allowance (WVA) and to veteran WVA recipients 75 years of age and older.

(C) 30 days.

CONDOMINIUM ORDINANCE VALIDATION BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Bielish, for the second reading of the Bill C-73, intituled: "An Act to validate certain ordinances of the Yukon Territory and the Northwest Territories".—(*Honourable Senator Lucier*).

Hon. Paul Lucier: Honourable senators, I am pleased to speak today in support of Bill C-73. While some honourable senators may feel that the bill affects only a small portion of Canada's population, we in the Yukon and the Northwest Territories fight very hard for the right to make our own decisions, and any legislation which enhances that right is welcomed with open arms.

Senator Marshall, in speaking to Bill C-73, gave an excellent background history of housing needs in the Yukon and Northwest Territories. Being a Newfoundlander, and coming from a province that knows hard times, Senator Marshall is obviously sympathetic to both northern territories, and I thank him for his understanding of our problems.

For those honourable senators who care to look at the map of Canada, they will find that this great country of ours is held together by the Yukon on the west and Newfoundland on the east; and, as they say in the commercial, "You are in good hands" as long as we are on each end of you.

[Senator Marshall.]

Some Hon. Senators: Hear, hear.

Senator Lucier: As previously stated, Bill C-73 resolves a conflict in jurisdiction. It will allow territorial governments to pass new legislation dealing with condominiums and it will validate present legislation. Housing has always presented special problems in Canada's north. While northerners generally enjoy the open spaces, individual houses are very expensive to build and maintain. Sewer and water lines are buried from 12 to 13 feet deep and are still at risk of breakage because of the cold water running through them. That can certainly add to the cost of owning a house. These problems are very well known in the north. Digging lines through nine feet of frost at 50 below zero is a very difficult task, and it is also very expensive.

Condominiums and row housing permit many younger people, who normally could not afford to own a home, to purchase rather than rent. For that reason, Bill C-73 is very important to the two territories.

Honourable senators, Bill C-73 should also serve to point out another serious problem that we in the northern territories and other Canadians must deal with constantly. That problem

is having to wait for 10 or 15 years for Parliament to pass legislation that is non-controversial.

As previously stated by the Minister of Indian Affairs and Northern Development, the member for Cochrane-Superior, and others, the federal and territorial governments have been concerned with this problem for some 17 years. As Senator Marshall stated in his earlier remarks:

> The Northwest Territories in 1969 and the Yukon in 1968 passed ordinances that would have made it possible to register condominiums. Later, however, the federal Department of Justice formed the opinion that the Territories had gone beyond their authority and that their ordinances conflicted with the Land Titles Act.

First, we have a problem that everyone recognizes. Second, we have agreement from all parties on the solution to the problem, and agreement on all sides that it should be done quickly. Seventeen years later we finally have before us Bill C-73. Honourable senators, is this the best that we can do? There are 486 parliamentarians in Ottawa being paid to represent Canadian taxpayers. Are there not enough brains in that group to devise a method of dealing with non-controversial legislation that would serve taxpayers in a more efficient manner? While I understand the problems faced by any government in trying to pass a bill, there is no excuse for a fisherman in Newfoundland, a logger in British Columbia, a farmer in Alberta or a miner in the Yukon to have to wait five or ten years for a piece of legislation to which no one is objecting and of which everyone is in favour.

Honourable senators, I hope that Bill C-73 will serve two useful purposes. First, it will impart one more small degree of responsibility for legislation to the Yukon and Northwest Territories in their quest for self-government. Second, it can be held up as a model for all parliamentarians how not to solve a problem. Let us wake up and find a way to deal quickly with non-controversial legislation. We owe that much to the Canadian taxpayers.

In conclusion, I want to thank Senator Marshall and his government for finally putting an end to this problem. I can see no need for Bill C-73 to be referred to committee. In fact, I am prepared to give it second reading, third reading, Royal Assent and whatever it takes to get it out of the way today.

Motion agreed to and bill read the second time.

THIRD READING

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

Hon. Jack Marshall, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO STUDY CONSULTATION PAPER ON TRAINING AND DOCUMENT ENTITLED "EMPLOYMENT OPPORTUNITIES: PREPARING CANADIANS FOR A BETTER FUTURE"

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bonnell, seconded by the Honourable Senator Cottreau:
>
> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to study and report upon the Consultation Paper on Training, issued by the Department of Employment and Immigration, tabled in the Senate on 11th December, 1984, and the document entitled "Employment Opportunities: Preparing Canadians for a Better Future", tabled at the First Ministers' Conference held in Regina, Saskatchewan, on 14th and 15th February, 1985; and
>
> That the Committee be empowered to engage the services of such professional, clerical and technical personnel as may be required for the purpose of the said examination.—(*Honourable Senator Philips*).

Hon. Orville H. Phillips: Honourable senators, I believe the Clerk Assistant got so enthused with reading the orders that he forgot to look to see if anyone was rising to speak on them. I would like to take a few moments on Order No. 13, if I may.

Hon. Senators: Hear, hear!

• (1430)

Senator Phillips: I am sure that the reading from the order paper was much more interesting than my remarks will be. I was pleased to see that a Grit was taking an interest in the unemployed. As Senator Bonnell was making his remarks, I was thinking: "What a difference an election makes." In all fairness, I must say that there has been a considerable change in attitude on both sides of the house since September 4, 1984.

Senator McElman: You have certainly changed your attitude on a number of subjects.

Senator Phillips: We both have changed attitudes on a number of subjects, Senator McElman.

When Senator Frith was acting as verbal choreographer for the sponsor in assisting with his remarks, he included a number of items and perhaps I might read one or two of them to give you an idea of what they were. This item is found on page 879 of the *Debates of the Senate*. There, Senator Bonnell said:

> It is a time when the unemployment rate is over 10 per cent of our workforce.
>
> It is a time when those receiving welfare or social assistance is over 10 per cent of the population.
>
> It is a time when many of our students are leaving high schools, colleges and universities with no jobs to go to.
>
> It is a time when many of our young women have no employment and no means of support.

Senator Frith: Who are you quoting?

Senator Phillips: I am quoting Senator Bonnell's remarks. I am sure you recall putting those in for him.

I thought that those items sounded familiar. I was about to say it was the heritage of the previous government, because I seemed to be very familiar with the subject outlined there. Then I realized that those items came directly from a pamphlet issued by the Honourable Minister for Employment and Immigration in April of this year. It was, I think, quite a compliment to the minister to have her remarks quoted in detail.

The sponsor stated that the Minister of Finance and the Minister of Employment and Immigration were considering changes in the Unemployment Insurance Regulations. Perhaps when Senator Bonnell replies, he would be good enough to explain that section of his remarks in a little more detail. I have checked the regulations and can find no changes that were made, and perhaps he would like to elaborate on what was concerning him in that regard.

The sponsor of the motion was obviously taken by the suggestion of the Minister of Employment and Immigration. He was intrigued that more training should occur in the workplace and that more training should occur in vocational schools, technical schools and that probably less emphasis should be put on university education. That has a certain merit. It is not a new idea, but is one I hope the committee will look at very carefully.

Senator Bonnell also referred to the use of the unemployment insurance systems in assisting those undergoing training. A couple of years ago, a young lady who was teaching an adult training class in Ottawa mentioned that one of her students was taking typing. This student attended for two hours in the morning and then attempted to find employment later on during the same day. She was disqualified by the unemployment insurance system because she was not available to search for employment. Yet here was an individual who had very few skills, was attempting to obtain them and was disqualified. I think that system was totally erroneous and I hope that it will be corrected under the new regime.

Recently, the federal government has signed an agreement with a number of provinces on the Canadian job strategy. I do not think I need bore the Senate with a great many details on that. However, briefly, the Canada Works Program has been terminated except for some 38 projects, including those of a long-term nature such as LEAD, which will probably have another two or three years to run.

The target groups are women re-entering the workforce, youth entering the workforce, native people, the disabled and visible minorities. There are several programs included in the job strategy. First, job entry. This section of the strategy concentrates on women and youth and on attempts to train them and have them gain job experience.

The second is job development, where we find a number of projects designed to provide employment and work experience. The participants can receive up to 52 weeks of training and experience. A new aspect of the program is that the emphasis is placed on the private sector. The funding is 10 per cent provincial, 30 per cent federal and 60 per cent private funding.

The third element in the job strategy is directed towards workers needing skill-updating; in other words, where someone has had some training as, for example, a machinist and requires further training. The plan is that he will receive this further training on the job and have training directed specifically towards that industry.

The fourth section deals with skill shortages. Companies with labour shortage in a specific skill can receive long-term funding to undertake training for individuals.

The fifth section deals with innovations. That simply means that if someone has a bright idea about their work, they can receive assistance in developing a pilot project and, if that pilot project is successful, then they can receive assistance in carrying on that project.

The sixth aspect of the Canadian job strategy deals with community futures. The sponsor mentioned the unfortunate situation where a one-industry town loses that industry and it is therefore necessary, then, to retrain individuals formerly employed in that industry.

Honourable senators, I believe it was in 1976 that the Standing Senate Committee on National Finance undertook a study on the training programs carried on by Manpower at that time. I found a number of items in the Canadian job strategy that were recommended by the Standing Senate Committee on National Finance in 1976. In particular the emphasis is placed on private industry. That Senate committee, in its report, emphasized that private industry had a place and a responsibility in training those seeking employment. I can recall Senator Hicks being interviewed on television and at the time he impressed me with the emphasis that he placed on the necessity of making sure that jobs were available in the trade for which an individual was being trained. The provinces have, for some time, criticized the federal programs in this regard. I hope that the new job strategy program will meet that requirement.

• (1440)

Honourable senators, I do not want to leave the idea with you that all the answers are found in the Canadian job strategy; I am sure they are not. However, it is a step forward, and I hope that the committee will take the time to look at all of the aspects of it.

I have delayed answering Senator Bonnell for some time in the hope that the federal government would be able to obtain the agreement of all of the provinces. I understand that Ontario and Alberta have yet to sign the agreement, and that the federal government is now commencing its negotiations with the territories in this regard.

I have no objection to the committee's studying the proposal. Honourable senators will find many recommendations incorporated in the strategy that were made by the Standing Senate Committee on National Finance in 1976. I am sure honourable senators will find that there the government has

shown respect for a Senate report, which is a rather unusual occurrence. I hope that the government will continue to look at Senate reports. They have been ignored too often in the past.

I am sure that honourable senators will be able to do an excellent job on this report, and wish them success in doing that very thing.

Some Hon. Senators: Hear, hear.

Motion agreed to.

THE CABINET

ACCESS TO INFORMATION—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Davey calling the attention of the Senate to the Government's preoccupation with secrecy.—(*Honourable Senator Davey*).

Hon. Keith Davey: Honourable senators, I must begin by apologizing for such a long delay in closing this Inquiry, but there is an explanation; the government's penchant for secrecy has been overtaken by two other characteristics, the first that the "let's pretend Liberals" of Campaign '84 have now shown their true colours; this is a government of the rich, by the rich and for the rich.

Secondly, honourable senators, there truly is a P.C. Party, "P.C." standing for Perpetual Campaign; a government that is all public relations and no policy.

There can be no better proof or no better example of the government's ongoing commitment to secrecy than the matter I want to discuss today. I refer to the government's plan for a mammoth omnibus public opinion survey which, believe it or not, is to be paid for by the people of Canada who will not—and I repeat, who will not—be allowed to see the results.

Senator Steuart: Shame!

Senator Godfrey: Unbelievable!

Senator Davey: Unless, of course, they are in the cabinet, the Prime Minister's Office, or the Tory high command, and, as we all know, frequently they are the same people. I think this is a mind-boggling concept. I think it is sheer, utter and devastating gall. I think it is one of the most crass examples of political opportunism that I have ever seen.

Many Tories have traditionally opposed polling. My friend, Bob Coates, sought for years to ban public opinion polls, but the Tories have banned him instead. An even more vocal critic of polling is the Honourable Sinclair Stevens, who is the Minister of Everything, except Erik Nielsen. It is true that some thoughtful journalists and some thoughtful politicians do worry about political polling. My own viewpoint, honourable senators, is very different. Let me state clearly—not for the first time, not just in the wake of victory, but with equal commitment after our defeat in 1984—that I believe any move to ban or limit the use of public opinion polls anywhere, anytime, would be intellectually dishonest, undemocratic, naive and against the best interests of the ordinary citizen.

Freedom cannot be divided; freedom is indivisible. Either you have freedom or you do not have freedom, and if we have it, then surely it includes the right to publish public opinion polls. As a matter of fact, it strikes me that the polling of public opinion is the very essence of what democracy is all about. Those who think otherwise must surely tremble at the prospect of impending technology in this area, and what that could mean in terms of direct democracy.

What about politicians who find out scientifically what people want and then set about pledging themselves to do that? Well, most politicians—an overwhelming majority in all parties, in the Tory Party, in the New Democratic Party and in the Liberal Party—are above that kind of cynicism. Would Ed Broadbent reject his socialistic roots to win Westmount, London West, Vancouver or Vancouver Quadra? Would Pierre Elliott Trudeau have rejected language rights to win a few votes some place in Canada?

Senator Steuart: Saskatoon!

Senator Davey: Certainly not. For that matter, no poll in the world could convince the Honourable Sinclair Stevens to forsake his version of right-wing Ronald Reagan Tory orthodoxy, and I respect the minister for that. But what this government is pursuing is something quite different, quite insidious, quite dangerous. It is not public opinion polling at all; it is private polling of public opinion, very private, but at public expense. I believe it is very wrong.

Now, 1,500 Canadians will be polled each month. How much will this cost? We do not know that; nobody knows that. My guess is approximately $10 million a year at a minimum. What we do know is why it is being done; it is being done to allow this government to play political games. Clearly, there is evidence in recent weeks that this government needs all the help it can get, but at what cost, honourable senators, to the democratic process?

Most of us in this chamber have always considered the public's right to know as an integral part of democracy, but this new Orwellian polling concept completely smothers the public's right to know.

Yes, of course, there can be room for abuse. Polls can be misused to support a point of view, to confirm a prejudice; questions can be rigged, samples can be custom-tailored. In other words, polls can be manipulated by unscrupulous practitioners.

Senator Phillips: Are you speaking from experience?

Senator Davey: I have four major concerns. My first concern is, assuming this government retains some small vestige of decency, how will the polls differentiate between what information goes to the government and what information goes to the Tory Party? Whom can we trust on this matter? The problem becomes even more acute should the pollster happen to work for the party and for the government. Again, whom can we trust?

My second concern is, will all the results of all the polling be available under freedom of information legislation, and if so, how quickly? After all, information which the government

may direct to the Progressive Conservative Party presumably would never be available under freedom of information although paid for by the people of Canada.

● (1450)

Third, how can we assure that the government will not build questions into the sample, requested by the Progressive Conservative Party, and which, even if paid for by that party, would dramatically reduce the full costs which they would otherwise pay? Again, how do we know whom we can trust?

Fourth, and finally, how on earth will this system work? What will be done with all this information? Who will receive it? For that matter, who will not receive it? Who will make that call? Precisely what role will the PMO play in this new mammoth polling?

Honourable senators should realize that this monstrous Tory superpoll, closed to the public but paid for by that same public, is no longer in the planning stages. The Department of Supply and Services Professional Services Branch closed bidding on August 30, two months ago, and as of yesterday—because I checked—no winner has been announced. Maybe the fine minds in the Prime Minister's Office are having second thoughts after all. It is enough to make even Allan Gregg get goose bumps. Do not be too surprised if Gregg picks up this $10 million contract. Indeed, be surprised if Gregg does not pick up this $10 million contract because the Tory Party's off-again on-again love affair with Allan Gregg is once again in full bloom, and so it should be. Gregg is a highly-skilled professional pollster with great integrity. Obviously, he has either not been listened to very much recently or he is not tuned in to recent events.

At a time when polling is becoming more and more sophisticated, I urge this government to share the wealth and information with the people of Canada. Don't just talk about letting the sun shine in, but let it actually shine in.

Finally, the leader will understand if I pursue this matter in Question Period because certainly there are a number of pointed questions which, in my judgment, must be answered.

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

CANADA'S RELATIONS WITH COUNTRIES OF MIDDLE EAST AND NORTH AFRICA

CONSIDERATION OF REPORT OF FOREIGN AFFAIRS COMMITTEE—DEBATE CONCLUDED

Leave having been given to revert to Order No. 7.

On the Order:

> Resuming the debate on the consideration of the Second Report of the Standing Senate Committee on Foreign Affairs, entitled: "Canada's Relations with the Countries of the Middle East and North Africa", tabled in the Senate on 26th June, 1985.—(*Honourable Senator Nurgitz*).

[Senator Davey.]

Hon. Nathan Nurgitz: Honourable senators, I yield to Senator Hicks. I trust that that does not take away my right, following the comments of Senator Hicks, to adjourn the debate.

Hon. Henry D. Hicks: Honourable senators, I agree to speak on that basis. Senator Nurgitz commenced the discussion of this report some days ago and then adjourned the debate in his own name. If he does not wish to resume, I merely wish to participate by saying how much I appreciated the support of members of the Committee on Foreign Affairs and, particularly, the members of the subcommittee who visited the Middle East approximately two years ago after having made me their chairman due to the illness of Senator van Roggen who was, unfortunately, unable to go to the Middle East at that time.

This was an extraordinarily difficult subject to pursue. There were passionately held views on more than two sides of the problem that we went to investigate. We had a committee that worked well together which tried very hard to get to the heart of the contentious matters that were involved in relationships in the Middle East, particularly the relationships between the Arab population and the Israelis, but also the difficulties in the relationships between different factions of the Arab and Palestinian groups.

I feel very grateful for the support which members of the committee who attended and visited the five countries with me, namely Egypt, Saudi Arabia, Syria, Jordan and Israel, gave to me because I felt that I was thrust into the position of being leader of the group without adequate preparation. I had thought that the leader of the group was going to be Senator van Roggen but I was called upon to take his place and I could not have done the job which was done, I hope adequately, if it had not been for the kind of support that I had from other members of the committee.

The subcommittee made a report on our visit which, I think, was well received by all who read it and, subsequently, the committee, after a great deal of work and compromise, made a report which was tabled in the Senate by Senator van Roggen some time ago. I feel that this declaration of Canada's relations with countries of the Middle East represents a real accomplishment, although I am quite aware that we could not achieve a complete consensus and what we had to say could not please everyone. I think it is interesting reading and a worthwhile contribution to the knowledge of Canada's relationships with the Middle East.

I rise only to make these comments and to thank my colleagues on the committee for the support that they gave to me and for their hard work in order to arrive at an almost satisfactory compromise in relation to the contentious difficulties which we inquired into in our study of Canada's relations with the Middle East.

Hon. George van Roggen: Honourable senators, I appreciate that if I speak now this will conclude the debate, and I should simply like to say that I have nothing further to add to the

remarks I made at the time that I tabled the report, and to the remarks just made by Senator Hicks.

The Hon. the Speaker: Honourable senators, if no other senator wishes to participate, this order is considered as having been debated.

• (1500)

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, November 5, 1985, at 2 o'clock in the afternoon.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I should like to say a word about the motion.

As honourable senators who were present at the commencement of our sitting today will infer, Senator Doody, Senator MacEachen and I have consulted on this question of the adjournment of the Senate until Tuesday next since there is no Senate chamber business to be dealt with.

We will possibly be consulting about an even longer adjournment of the Senate itself while awaiting legislation. We are advised by Senator Doody that there is a chance of some legislation reaching us next week. That is the reason we are adjourning until November 5.

Honourable senators will understand, however, that, although the Senate is adjourned, Senate committees will be meeting. First, on behalf of Senator Neiman, I point out that agreement to the adjournment motion will have the effect of rendering meaningless the time set for the Standing Senate Committee on Legal and Constitutional Affairs to meet on Wednesday because it is provided that that committee will sit "when the Senate rises." I am informed now by Senator Neiman that that committee will meet in Room 356-S at 3.30 tomorrow afternoon.

The Standing Senate Committee on Banking, Trade and Commerce is scheduled to meet tomorrow at 3 p.m.; the Special Joint Committee on Canada's International Relations at 4 p.m.; the Standing Senate Committee on Legal and Constitutional Affairs at 3.30 p.m.; the Standing Senate Committee on Banking, Trade and Commerce will meet again at 8 p.m.; and the Subcommittee on Veterans Affairs will also meet at 8 p.m. Senate committees will also be meeting on Thursday morning.

On that basis, we support the motion.

Hon. Lowell Murray: Honourable senators, the Standing Senate Committee on Banking, Trade and Commerce will meet, in any case, on Wednesday afternoon and Wednesday evening. Since the Senate is adjourning, a slot has been left open on Thursday afternoon. I am attempting to fill that slot with an important witness whose name was suggested to me a few minutes ago by the steering committee. I will advise members of the committee of the details of this in due course.

In any case, the committee will be sitting on Tuesday, Wednesday and possibly Thursday of next week.

Senator Frith: Has a time been scheduled for the Thursday afternoon meeting?

Senator Murray: If the meeting is held, it will be held at 2 o'clock.

Hon. Jack Marshall: Perhaps Senator Murray would inform me if the Standing Senate Committee on Banking, Trade and Commerce will meet at 8 o'clock tomorrow evening.

Senator Murray: Yes, it will.

Senator Marshall: Honourable senators, last week Senator Molson mentioned that there had been a rescheduling of committees and that the Standing Senate Committee on Banking, Trade and Commerce would be meeting at 8 o'clock, which might mean that the Subcommittee on Veterans Affairs, which was also to meet at that time, may have difficulty with membership attendance. The alternative was to revert to our practice of recent weeks and suggest that the committee sit when the Senate rises.

Obviously, that alternative is no longer available to us, so we are left in the dilemma where two committees will be meeting at 8 o'clock. I would, therefore, make a special plea to members who are interested in the order of reference to the committee to examine and report upon the activities of the National Film Board with respect to the production and distribution of the film, "The Kid Who Couldn't Miss," to make every effort to attend the committee meeting.

Senator Doody: Honourable senators, that underlines the difficulty of having these unexpected recesses. They do cause some confusion with the scheduling of committees. Obviously, it would be far better from an organizational point of view if we could have some notice of these adjournments. I am sure that would make life much more pleasant for our committee chairmen.

Unfortunately, the state of the art of legislation forwarding from the House of Commons has not reached a degree of efficiency that allows us to do that at this stage. There are a number of bills going through the new legislative committee system, and we have been told that at least one of those, perhaps as many as three, will be sent to us next week.

In anticipation of that message from the other place, we have suggested that we adjourn until next Tuesday, November 5.

Motion agreed to.

The Senate adjourned during pleasure.

• (1510)

At 4.50 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable Brian Dickson, The Chief Justice of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to authorize procurement of the dissolution of certain Crown corporations and to amend or repeal other Acts in consequence thereof (*Bill C-60, Chapter 41*)

An Act to amend the Customs Tariff (*Bill C-71, Chapter 42*)

An Act to amend the Canadian Institute for International Peace and Security Act and certain other Acts in relation thereto (*Bill C-69, Chapter 43*)

An Act to amend the Criminal Code (pari-mutuel betting) (*Bill C-77, Chapter 44*)

An Act to amend the statute law relating to income tax and to make a related amendment to the Tax Court of Canada Act (*Bill C-72, Chapter 45*)

An Act to validate certain ordinances of the Yukon Territory and the Northwest Territories (*Bill C-73, Chapter 46*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

• (1700)

The sitting of the Senate was resumed.

PRIVATE BILL

EVANGELICAL LUTHERAN CHURCH IN CANADA

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, close to the commencement of today's proceedings Senator Olson presented a petition with regard to a bill. The normal procedure is for the Examiner to examine the petition and certify its correctness, following which the Senate would proceed with the bill. That usually takes one day. However, I believe the examiner's report is now available.

Since the bill deals with the amalgamation of two churches, we are asking leave for Senator Olson to present the bill, to give it second reading, and to have it sent to committee for consideration. Normally such a bill is not debated at any great length on second reading.

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

Hon. Senators: Agreed.

Hon. H. A. Olson: Your Honour, I think it is necessary to revert to "Reading of Petitions."

[Senator Doody.]

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

Hon. Senators: Agreed.

A Clerk at the Table read the following petition:

Petition from the Lutheran Church in America—Canada Section, having its head office in the City of Winnipeg, in the Province of Manitoba, and The Evangelical Lutheran Church of Canada, having its head office in the City of Saskatoon, in the Province of Saskatchewan; praying for the passage of an Act for the purpose of permitting them to amalgamate.

Senator Argue: Is this a Canadianization bill?

Senator Olson: Yes, partly.

FIRST READING

Hon. H. A. Olson presented Bill S-5, to provide for the creation by amalgamation of the Evangelical Lutheran Church in Canada.

Bill read first time.

SECOND READING

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

Hon. H. A. Olson: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I ask that the bill be read the second time now.

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

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Olson, seconded by the Honourable Senator Argue, that this bill be read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Senator Olson: Honourable senators, may I say at the outset that I appreciate the leave granted by honourable senators for this purpose, and I owe a brief explanation of why it is important that this action be taken now. The two churches have already agreed to the amalgamation. The effective date is January 1, 1986. However, there are a number of actions that are required to be taken before that date. Had we proceeded earlier today to follow the normal procedure, there would have been no problem. But now that we are about to adjourn for some days, it raises the question of having all these procedures completed in time. Therefore I want senators to know how much I appreciate their co-operation. At the same time, I believe I must make a short speech to go into the record, supporting the reasons for this amalgamation.

Honourable senators, it is with great pleasure that I rise today to move second reading of Bill S-5, to provide for the creation by amalgamation of the Evangelical Lutheran Church in Canada.

The petitioners for the bill are the Lutheran Church in America—Canada Section and the Evangelical Lutheran Church in Canada. These churches, having had a lengthy history of co-operation in a wide range of areas of church life, established the Lutheran Merger Commisssion. The terms of the merger were agreed upon, which terms have since been ratified at a convention of each church body. In each case, a majority of approximately 87 per cent voted in favour of the merger. Two of the terms of the merger agreement are that the new church is to be called the Evangelical Lutheran Church in Canada and that the merger is to take place on January 1, 1986. As the merging churches both currently exist in law by virtue of private acts of the Parliament of Canada, the purpose of the bill is to replace those old private acts with a new one that will provide the legislative framework under which these two churches may amalgamate their corporate structures.

A brief explanation of who your petitioners are would now seem to be called for. Both bodies have their origin in the Protestant Reformation movement of the sixteenth century, and in particular to the leadership in religious reformation of Martin Luther, whose name each of the petitioners and the new church will bear. After the Augsburg Confession of 1530, political support for the Reformation spread and state churches were created, first in the German territories and then in the Scandinavian countries including Denmark, Sweden, Norway, Finland and Iceland.

Following successive waves of immigration, first to the United States and later to Canada, a number of Lutheran Church bodies were formed largely following ethnic lines, but also guided by standards of piety within these ethnic groupings. In Canada, organized Lutheran congregations date back to the founding of Halifax in 1749 when German tradesmen, who had earlier settled in England, accompanied Governor Cornwallis to the new fortress. Soon there followed to Nova Scotia a large contingent of settlers recruited in Europe who located largely in Lunenburg county.

Following the American revolution, German Lutherans were among the United Empire Loyalists and founded congregations on the north shore of the St. Lawrence, and subsequently, when Upper Canada came into being, near the capital of York, which, of course, is present day Toronto.

Eventually these congregations and others, which sprang up subsequently in German settlements throughout southern Ontario and beyond, affiliated with Lutheran Church bodies which had begun to be formed in the United States. By the time German and Scandinavian immigrants began to flow into western Canada, not only from Europe but also from the United States, Lutheran Church bodies of these various ethnic groups had formed in the United States and sent missionary pastors to organize these scattered Lutherans into congregations as well.

As the various Lutheran Church bodies underwent acculturation to North America, some of their earlier differences became less significant and they began to amalgamate. By 1960 the American Lutheran Church came into being, which brought together three church bodies which had emerged out of Norwegian, Danish and German ethnic backgrounds respectively. Three years later a further Lutheran body, Norwegian in background, also joined the new church. In 1960 the Canada District of the merging American Lutheran Church located in western Canada was incorporated by the Statutes of Canada under the name of the Evangelical Lutheran Church of Canada. Then, in 1967, the Canadian wing of this church became structurally separate from its American body, continuing as the Evangelical Lutheran Church of Canada and now including several additional congregations of the American Lutheran Church in eastern Canada.

About the same time, developments were under way for the formation in 1962 of another major Lutheran body which assumed the name of the Lutheran Church in America. Bringing together four church bodies which had emerged from Swedish, Danish, German and Finnish backgrounds respectively, the Lutheran Church in America made constitutional provision for its Canadian wing by providing for a Lutheran Church in America—Canada Section.

The Canada Section, while not structurally separate from the American body, was given responsibility to act for the Lutheran Church in America in Canadian matters including responsibility to negotiate and consummate an amalgamation with another church body in Canada. In 1966, the Lutheran Church in America—Canada Section, while still remaining structurally part of the Lutheran Church in America, was incorporated by Statutes of Canada.

• (1710)

Honourable senators, I now turn to the contents of the bill. The bill is not a very complicated one. It begins by providing that the petitioners may amalgamate. The remaining provisions simply provide for the objects, capacities and powers of the new corporate entity, its membership and management, its by-laws and its rights and obligations as a successor company. You will appreciate that these provisions must fuse the traditions of the church in these matters, as set out in the constitution and by-laws of the Evangelical Lutheran Church in Canada, with the normal requirements of law for the protection of members and the public.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

On motion of Senator Olson, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

The Senate adjourned until Tuesday, November 5, 1985, at 2 p.m.

APPENDIX "A"

(*See p. 1405*)

NATIONAL FINANCE

NINTH REPORT OF STANDING SENATE COMMITTEE
REPORT ON SUPPLEMENTARY ESTIMATES (A) LAID BEFORE
PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1986

TUESDAY, October 29, 1985

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

NINTH REPORT

Your Committee, to which Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1986, were referred, in obedience to the Order of Reference of May 29, 1985, submits its final report as follows:

On June 11, 1985, the Committee tabled an interim report on these Supplementary Estimates in which it addressed a range of issues. In that report, the Committee indicated that it intended to examine further an item in those Supplementary Estimates that is directly related to international financial arrangements arising from Vote L2a - Financial and Economic Policies in accordance with the *Bretton Woods and Related Agreements Act*. In so doing it heard from the following witnesses:

Thursday, June 13, 1985

From the Department of Finance:
Mr. G.E. Shannon, Senior Assistant Deputy Minister;
Mr. Guy Glorieux, General Director;
Mr. Peter Brakel, Chief, International Finance;
Mr. Brian Hunter, Officer.

Wednesday, October 16, 1985

From the Department of External Affairs:
The Honourable James Kelleher, P.C., M.P., Minister for International Trade;
Mr. W.A. Dymond, Senior adviser and Coordinator, Canada/U.S. Trade Task Force.

This was the first opportunity the Committee had to review Canada's financial arrangement with the World Bank and other international regional development banks. Two hearings took place after Bill C-30, "An Act to amend the Bretton Woods Agreement Act", received Royal Assent on May 16, 1985, and brought into law major changes in the way Parliament addresses these international development financial institutions.

One change of interest to the Committee provided the Senate and the House of Commons with the opportunity, at Estimates time, to assess and decide upon Canada's contribution to these institutions. It was as a result of this amendment that the Committee met to discuss the financial support to the international development financial institutions under Supplementary Estimates (A), 1985-86.

These hearings revealed two issues concerning Canada's responsibilities to international development. The first was consideration of the way Canada internally divides its responsibilities regarding the World Bank Group and the regional development banks among its Ministers. Currently the Minister of Finance is responsible for the World Bank Group while the Secretary of State for External Affairs is responsible for the regional development banks. Yet both the regional banks and the World Bank Group engage in development activities. The only rationale forthcoming from officials regarding this apparent division of responsibilities was historical precedent.

The second issue was Canada's position regarding the coordination of activities of the International Monetary Fund (IMF) and the World Bank Group. At the Seven-Nation Economic Conference (Bonn Summit) in May, the leaders of these nations, including Canada, called for improved cooperation between the IMF and the World Bank Group to encourage sound long-term development. The Committee was left with the impression that Canada had considerable work to do to ensure that its own IMF activities were better coordinated with its World Bank activities. Furthermore some senators felt that Canada could play a stronger role on the international scene and give greater attention to meeting the commitment made at Bonn.

At the end of these hearings the Committee was left with the impression that the two issues addressed in this report deserve considerably more attention and should become the subject-matter of a Parliamentary review.

Respectfully submitted,

FERNAND-E. LEBLANC,
Chairman.

APPENDIX "B"

(*See p. 1406*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

THIRD REPORT OF STANDING JOINT COMMITTEE

TUESDAY, October 29, 1985

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

THIRD REPORT

(Statutory Instruments No. 30)

1. In accordance with its permanent reference, section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, c. 38, and section 19(3) of the *Statute Revision Act*, S.C. 1974-75-76, c. 20, your Committee has determined to draw to the special attention of both Houses sections 152 to 158 of the *Patent Rules*, C.R.C. 1978, c. 1250, as amended.

2. Section 15 of the *Patent Act,* R.S.C. 1970, c. P-4, requires the keeping of a Register of Patent Agents on which are to be entered the names of all persons entitled to represent applicants in the presentation and prosecution of applications for patents before the Patent Office. Sections 152 to 158 of the *Patent Rules* deal with the qualifications required of those whose names are entered on the Register, the holding of qualifying examinations, the eligibility criteria to be met by those who sit for an examination, and the circumstances in which the name of a person may be removed from the Register. These provisions were enacted by the Governor in Council pursuant to section 12(1)(a) of the Act. For the reasons detailed in this Report, your Committee is of the view that regulations governing the registration of patent agents are to be made by the Commissioner of Patents pursuant to section 15(2) of the Act and that the sections under Report are *ultra vires* the Act as having been made by someone other than Parliament's delegate.

The pertinent enabling provisions read as follows:

12.(1) The Governor in Council, on the recommendation of the Minister, may make such rules and regulations as may be deemed expedient

(a) for carrying into effect the objects of this Act, or for ensuring the due administration thereof by the Commissioner and other officers and employees of the Patent Office;

15.(1) A register of attorneys shall be kept in the Patent Office on which shall be entered the names of all persons entitled to represent applicants in the presentation and prosecution of applications for patents or in other business before the Patent Office.

(2) Entry on such register shall be made in accordance with regulations to be made by the Commissioner with the approval of the Governor in Council.

Prior to 1923, any person appointed in writing by a patent applicant could represent that applicant in the presentation and prosecution of a patent application. By section 57 of the *Patent Act*, S.C. 1923, c. 23, it was enacted that:

> 57. A register of attorneys shall be kept in the Patent Office on which shall be entered the names of all persons entitled to represent applicants in the presentation and prosecution of applications for patents or in other business before the Patent Office. Entry on such register shall be made in accordance with regulations to be made by the Commissioner with the approval of the Governor in Council.

Section 15 of the current legislation is in the same terms.

As for section 12 of the Act, it was first enacted in its present form by the *Patent Act, 1935*, S.C. 1935, c. 32. Prior to this enactment, the legislation conferred on *the Commissioner of Patents* the authority to make "such rules and regulations, and prescribe such forms, as appear to him necessary and expedient for the purposes of this Act".[1] The Committee considers there is no material difference between the general regulation-making powers previously conferred on the Commissioner and those now exercisable by the Governor in Council pursuant to section 12(1)(a) of the Act. What is significant is that the Statute of 1935, while it transferred from the Commissioner to the Governor in Council the authority to make regulations for carrying into effect the objects of the *Patent Act*, maintained the Commissioner's authority to make regulations in accordance with which entries are to be made on the Register of Patent Agents.

The provisions of the United Kingdom legislation dealing with the registration of patent agents were considered by the House of Lords in *Institute of Patent Agents v. Lockwood*.[2] There, Lord Watson stated that:

> ...the main intention of the Legislature appears to have been to protect poor inventors from being robbed by unskilled patent agents who failed to make a specification and claim in such a form as would secure to them the fruits of their invention.[3]

The Committee has no doubts that similar considerations guided the Canadian Parliament when it enacted what is now section 15 of the Act. A patent agent whose name is entered on the Register is reputed to possess the knowledge and skills required for the presentation and prosecution of patent applications. The registration process will thus necessarily involve the prescription of qualifications to be met by those who desire their name to be entered on the Register. If it were

otherwise, registration would be a mere formality and the entry of an agent's name on the Register would not assure inventors of that agent's competence and ability to "secure to them the fruits of their invention". In light of Parliament's intention in enacting section 15 of the Act, the authority to make regulations in accordance with which entries are to be made on the Register includes, in your Committee's opinion, the authority to prescribe the qualifications required of those who wish their name to be so entered. Interpreted otherwise, section 15(2) of the Act would have to be confined to the making of rules prescribing the formal details of registration.

Your Committee submits that the history of sections 12 and 15, the scheme of the Act, and the purpose of Parliament in enacting these provisions militate against such a restrictive interpretation and lend support to its opinion that regulations governing the registration of patent agents are to be made by the Commissioner of Patents rather than by the Governor in Council. Had the general regulation- making powers been considered adequate for that purpose, there would have been no need for Parliament to enact what is now section 15(2) of the Act.

3. Informed of the Committee's position, the Minister of Consumer and Corporate Affairs replied that her Department was advised by the Department of Justice that sections 153 to 156 of the *Patent Rules* were validly enacted pursuant to section 12(1)(a) of the *Patent Act* and were *intra vires* the Act.[4] The relevant correspondence is appended to this Report. The Committee has carefully considered the legal opinion referred to by the Minister and has concluded that it does not adequately answer its objection to the rules under Report.

The circumstances which made it necessary to seek an opinion from the Department of Justice and the opinion itself indicate that the principal concern of its author was to establish that the *Patent Act* allows for the making of rules prescribing the qualifications of patent agents rather than to determine whether such rules should be made under section 12 or 15 of the Act. To the extent the opinion concludes that the Act provides authority for such rules, the Committee is in agreement with it. The Committee does not agree, however, that this authority is to be found in section 12(1)(a) of the Act.

The statement that "regulations under either subsection 12(1) or subsection 15(2) which support the right of the Commissioner to refuse to recognize any person as a patent agent or patent attorney would be *intra vires*" discloses the author's unstated assumption that rules governing the registration of patent agents can be made under either section 12 or 15 of the Act. Your Committee believes this is an erroneous view of the Statute. As stated by the Joint Chairmen and Vice- Chairman of the Committee in their February 7th letter to the present Minister:

> The view of the Committee is precisely that the rules governing the registration of patent agents must be authorized by one of these two enabling powers. To argue that such rules can be made under either of Sections 12(1) and 15(2) would mean that Parliament had indifferently conferred the same authority on two delegates and, while it is always possible for Parliament to do so, that this is the case should not be assumed unless no other interpretation of the Statute offers itself.

In this instance, the Committee considers that section 15(2), being a specific grant of regulation-making authority, prevails over the general regulation-making authority conferred by section 12 of the Act. This interpretation is such as to ensure that a consistent and rational meaning is placed on the whole of the sections referred to when read together in the context of the legislation.

4. While the Executive is now asserting that authority for the rules under Report is to be found in section 12(1)(a) of the Act, the Committee notes its position has not been consistent in the past. On 10th June, 1948, the Governor in Council adopted Order in Council P.C. 2637 which revoked the rules enacted in 1935[5] and substituted therefor the *Patent Rules, 1948*, made by the Governor in Council pursuant to section 12 of the Act, and the *Register of Patent Agents Rules, 1948*, made by the Commissioner of Patents pursuant to section 15(2) of the Act.[6] The provisions of this last set of Rules are similar to sections 152 to 158 of the present Rules.

In 1954, the Governor in Council purported to revoke the *Register of Patent Agents Rules, 1948* of his own authority.[7] These Rules were made by the Commissioner pursuant to the regulation-making power delegated to him by section 15(2) of the *Patent Act* and can only be revoked by the Commissioner. While the *approval* of the Governor in Council is required for the making, amendment or revocation of regulations under section 15(2), this is not to say that the Governor in Council may substitute himself for Parliament's delegate. If authority is wanted for this proposition, it can be found in section 26(4) of the *Interpretation Act*, R.S.C. 1970,c. I-23, which provides that:

> (4) Where a power is conferred to make regulations, the power shall be construed as including a power, exercisable in the like manner, and subject to the like consent and conditions, if any, to repeal, amend or vary the regulations and make others.

Your Committee is of the view that the revocation of the *Register of Patent Agents Rules, 1948* by the Governor in Council was without legal effect and that until such time as these Rules are revoked by the Commissioner of Patents, they must be regarded as being legally in force.

5. Your Committee recommends that the provisions of the *Patent Rules* which regulate the registration of patent agents be formally revoked and that the *Register of Patent Agents Rules, 1948* be amended by the Commissioner of Patents so as to bring them in conformity with the current practices of the Patent Office.

ENDNOTES

(1) S.C. 1923, c. 23, s. 59. Apart from a slight grammatical change, this section had been in the legislation since 1869, see S.C. 1869, c. 11,s.3.

(2) [1894] A.C. 347

(3) Id., p. 363.

(4) While the legal opinion attached to the Minister's letter of September 7, 1984, does not deal specifically with sections 152, 157 and 158 of the Rules, the validity of these sections rests on the same considerations as those mentioned in this Report.

(5) *Rules, Regulations and Forms* P.C. 3038 of 26th September, 1935.

(6) Both the *Patent Rules, 1948* and the *Register of Patent Agents Rules, 1948* were published in the *Canada Gazette*, Part II, of November 24, 1948, under the designation SOR/48-505.

(7) Order in Council P.C. 1954-1855 of 1st December, 1954. The relevant portion of this Order in Council is as follows:
"His Excellency the Governor General in Council, on the recommendation of the Acting Secretary of State and pursuant to the Patent Act, is pleased to order as follows:
1. The Patent Rules, 1948, and the Register of Patent Agents Rules, 1948 established by Order in Council P.C. 2637 of 10th June 1948, as amended, are hereby revoked;"

APPENDIX TO THE REPORT

June 5, 1984

The Honourable Judy Erola, P.C., M.P.
Minister of Consumer and Corporate Affairs,
House of Commons,
OTTAWA, Ontario
K1A 0A6

Dear Madam Erola:

The attached correspondence was before the Committee at its meeting of the 10th instant.

If it is indeed the case that the provisions of the Patent Rules dealing with the registration of patent agents other than that already noted by the Committee have been enacted by the Governor in Council, under Section 12 of the Act, rather than by the Commissioner of Patents, under Section 15 of the Act, we would have to conclude that the pertinent Sections of the Rules are *ultra vires* the Patent Act as having been made by someone other than Parliament's delegate.

Considering that the matter raised by the Committee involves an issue of legality, we do not feel it is sufficient for Mr. Post to indicate that it will be dealt with by the Commissioner of Patents in connection with possible amendments to the Rules at some future time. We think the issue is a substantive one that should be addressed immediately.

If it should turn out that aside from the amendment made by SOR/83-416, other regulatory provisions have been enacted by the wrong subordinate law-making authority, they should also be formally revoked and new rules made by the Commissioner of Patents in conformity with the powers granted to him by Parliament.

We will be grateful for an assurance that this matter will be studied without delay and that, if necessary, remedial action will be taken shortly thereafter. We are sending a copy of this letter to the Commissioner of Patents for his information.

Yours sincerely,

John M. Godfrey
Joint Chairman

Perrin Beatty
Joint Chairman

W. Kenneth Robinson
Vice-Chairman

cc: Commissioner of Patents

September 7, 1984

Senator John M. Godfrey, Q.C.
Joint Chairman
The Honourable Perrin Beatty, P.C., M.P.
Joint Chairman
Mr. W. Kenneth Robinson, Q.C., M.P.
Vice-Chairman
Standing Joint Committee of the Senate and of the House of Commons on Regulations and other Statutory Instruments
c/o The Senate
Ottawa, Ontario
K1A 0A6

Dear Sirs:

This is further to my letter to you of June 27, 1984 following your letter dated June 5, 1984 expressing concern that the recent amendments to the Patent Rules had been enacted by the wrong subordinate law-making authority. As I said in my letter I fully agree that the question you raised is an important one requiring immediate attention. Consequently, officers of Consumer and Corporate Affairs Canada, including the Commissioner of Patents, were instructed to investigate this matter further and report back to me. I am happy to pass on to you the information they provided on how the amendments were made.

When the amendments were being proposed the legal officer responsible, acting with the knowledge of the Commissioner of Patents, requested the advice of the Privy Council Office on whether the enabling authority for the amendments was section 12(1) or section 15(2) of the Patent Act. At the same time he pointed out that Mrs. Dawson (now Associate Chief Legislative Council) had previously expressed the opinion that neither of these sections authorized the making of regulations respecting qualifications of patent agents. The Privy Council Office advised that they still agreed with the views expressed by Mrs. Dawson.

Because there was a difference of opinion between counsel for this department and the Privy Council Office the matter was referred to the Department of Justice for resolution. For your information I have attached a copy of the letter from the Director of the Advisory and Research Service, Department of Justice, dated September 8, 1978. As you can see, we were advised that the Rules in question were validly enacted pursuant to section 12(1) of the Patent Act and were *intra vires*.

Given this opinion from the Department of Justice that the Rules in question are *intra vires* and that Sections 140 to 143 (now Rules 153 to 156) were validly passed by virtue of section 12(1) of the Patent Act, I do not consider that the wrong subordinate law-making authority acted in this matter and I do not believe that the remedial action that you suggest is necessary.

I trust that the above information will prove to be helpful to you.

Yours sincerely,

Judy Erola

September 8, 1978

R. Kelly
Legal Adviser
Department of Consumer and Corporate Affairs
22nd Floor

Place du Portage
1 Victoria Street
HULL, Quebec

Dear Mr: Kelly:

Re: Authority for sections 140-143 of the *Patent Rules* and sections 21 to 26 of the *Trade Mark Rules*.

You will find attached copies of opinions written by John Leman concerning the above. I agree with these opinions.

Yours truly,

Alice Desjardins
Director
Advisory & Research Services
Encls.

August 28, 1978

TO: Alice Desjardins

FROM: John F. Leman

SUBJECT: Validity of Sections 140 to 143 of the *Patent Rules*.

The validity of sections 140 to 143 of the *Patent Rules* has been questioned.

Section 15 of the Patent Act[1] requires that a register of attorneys be kept of persons entitled to represent applicants in the presentation and prosecution of patent applications or other business before the Patent Office.

Section 140 of the *Patent Rules* specifies the classes of individuals and firms which may be added to the register. Section 141 specifies the criteria for the eligibility of Canadian residents for examinations required by subsection 140 (a). Section 142 establishes an Examining Board to set the examination. Section 143 establishes the manner of fixing the time and place of the examination and notifying the candidates.

The *Patent Rules* were proclaimed on 1 December 1954[2] and rules 140 to 143 were revoked and substituted by new rules on 14 July 1966[3].

Rules 140 to 143 as they now stand read as follows:

[Text of sections 140 to 143]

These regulations must derive their authority from the *Patent Act* or some other Act of Parliament to be *intra vires*[4]. The authority to make rules is found in Section 12 of the *Patent Act* and the authority with respect to the register of attorneys and patent agents is found in sections 15 and 16 of the *Patent Act*. Section 12 states in part:

[Text of sections 12(1)(a) and 12(2)]

And Sections 15 and 16 read as follows:

[Text of sections 15 and 16]

Elmer Driedger discusses the general forms of legislation enabling regulations and gives some rules that help in determining the scope of the regulation making power[5]. Where the parent statute confers the power to make subordinate legislation subject to objective limitations that power must be construed narrowly and strictly. Where the parent statute confers the power to make subordinate legislation subject to subjective limitations that power must be construed widely. This is illustrated by the following examples. If the parent statute is worded objectively and states: "he may make regulations as may be necessary for carrying out the provisions of this Act" the powers are to be strictly construed. If the parent statute is worded subjectively and states: "he may make regulations as he deems necessary for carrying out the provisions of this Act", the powers are to be construed broadly. The power to make regulations given by the regulations under subsection 15 (2) are objective and should be construed narrowly. However, this power must be read with section 16 which gives the Commissioner the right to refuse to recognize anyone as a patent agent or a patent attorney for gross misconduct or any other cause that he may deem sufficient and regulations under either subsection 12(1) or subsection 15(2) which support the right of the Commissioner to refuse to recognize any person as a patent agent or patent attorney would be *intra vires*. It is essential to keep in mind the scheme of the legislation. The House of Lords considered a similar problem in *Institute of Patent Agents v. Lockwood [1894] A.C. 347* where the Board of Trade made regulations imposing an annual fee upon patent agents to keep their names on the register. The Court held that imposing the fee was *intra vires* of the regulating powers of the Board. Lord Watson states at page 363:

> Here, in the Act of 1888, the main intention of the Legislature appears to have been to protect poor inventors from being robbed by unskilled patent agents who failed to make a specification and claim in such a form as would secure to them the fruits of their invention.

and at page 364:

> The 1st section of the Act of 1888, by sub-section 1, imposes a prohibition upon persons whose names are not on the register against using the description of "patent agent"; and the next sub-section lays upon the Board of Trade the duty of making by- laws or regulations for establishing and maintaining a register of patent agents; those who had been patent agents before the date of the Act having their names inserted, as a matter of course, if they complied with the regulations; those who were not in that position, and who were subsequently admitted, having their qualifications tested by examination, or in some other mode.
> Now, it appears to me that the whole scheme was left to the discretion of the Board of Trade; and it is impossible for me to say that, looking to those regulations, the Board of Trade have in any measure exceeded that discretion. It was by their opinion, not by any judicial opinion, that the matter was to be determined.

Driedger gives an additional test. He applies the decision of the Privy Council in *Attorney General for Canada* v. *Hallet & Carey Ltd.*(6) and concludes that where Parliament gives a power to make regulations for a stated purpose or objective that power is to be construed broadly. However, where the parent legislation only gives the power to make regulations for a stated and specific subject, then the power is to be construed narrowly. For example the power to "make regulations for the purpose of restricting export" is much broader than the "power to make regulations restricting export".

Applying this test section 12(1) is sufficiently broad to permit the Governor in Council to make regulations requiring the examination of candidates to be enrolled as acceptable patent agents and to establish an examination board. Sections 140 to 143 of the *Patent Rules* are *intra vires* and are validly passed by virtue of section 12(1) of the *Patent Act*.

J.F.L.

(1) R.S.C. 1970, Chapter P -4

(2) P.C. 1954-1855, SOR/54-632, Part II, Canada Gazette, 22 December 1954, Vol. 89, p. 2375.

(3) P.C. 1966-1319, SOR/66-326, Part II, Canada Gazette, 22 July 1966, Vol. 100, p. 932.

(4) *The Chemicals Reference Case,* [1943] S. C. R. 1 at 13.

(5) Elmer A. Driedger "Subordinate Legislation" (1960) Volume 38, *Canadian Bar Review*, page 1 at pages 28 to 34.

(6) [1953] A.C. 427.

February 7, 1985

The Honourable Michel Côté,P.C., M.P.
Minister of Consumer and Corporate Affairs,
House of Commons,
Ottawa, Ontario
K1A 0A6

Dear Mr. Côté:

We refer to your predecessor's letter of September 7, 1984 (copy attached), which was considered by the Committee at its meeting of January 24, 1985.

The original concern of the Committee had to do with whether rules governing the registration of patent agents ought to be enacted by the Commissioner of Patents pursuant to Section 15(2) of the Act rather than by the Governor in Council pursuant to Section 12(1)(a) of the Act. As it considered Section 15(2) to provide this authority the Committee did not question the sufficiency of the enabling authority for the enactment of such rules. Insofar as the opinion sent under cover of the Minister's letter deals principally with whether or not there is *any* statutory authority for these rules rather than with the question raised by the Committee it is not an altogether satisfactory answer.

It appears to us the main concern of the writer of that opinion is particularly evident when he argues that:

> "The power to make regulations given by the regulations under subsection 15(2) (sic!) are objective and should be construed narrowly. However, this power must be read with section 16 which gives the Commissioner the right to refuse to recognize anyone as a patent agent or a patent attorney for gross misconduct or any other cause that he may deem sufficient and regulations under either subsection 12(1) or subsection 15(2) which support the right of the Commissioner to refuse to recognize any person as patent agent or patent attorney would be intra vires."

We believe the underlined reference to regulations made under either of Sections 12(1) and 15(2) indicates that Mr. Leman was not overly concerned with identifying which of these two Sections provided the necessary authority for rules governing the registration of patent agents, but rather with demonstrating that there existed statutory authority for the rules.

The view of the Committee is precisely that the rules governing the registration of patent agents must be authorized by one of these two enabling powers. To argue that such rules can be made under either of Sections 12(1) and 15(2) would mean that Parliament had indifferently conferred the same authority on two delegates and, while it is always possible for Parliament to do so, that this is the case should not be assumed unless no other interpretation of the Statute offers itself.

In this instance, the power conferred on the Governor in Council by Section 12(1)(a) of the Act is a *general* power; that conferred on the Commissioner of Patents, on the other hand, is *particular* and allows the Commissioner to make regulations in accordance with which entry on the register of attorneys shall be made. The rule of interpretation expressed in the maxim *generalibus specialia derogant* -the application of which is not discussed in Mr. Leman's opinion- leads us to think that the authority for rules governing the entry of names on the register must be sought in the particular power granted to the Commissioner by Section 15(2) of the Act rather than in the general power conferred on the Governor in Council by Section 12(1)(a).

If we were to accept that the present rules governing the registration of patent agents had properly been made by the Governor in Council, there would be great difficulty in determining the content of the rules which Parliament sought to authorize the Commissioner of Patents to make pursuant to Section 15(2). What regulations, other than regulations of the kind that have been made pursuant to Section 12(1)(a), would Parliament have intended when adopting Section 15(2)? The difficulty of furnishing an answer to this question reinforces us in our view that the rules which have been made by the Governor in Council under Section 12(1)(a) should have been made by the Commissioner of Patents under Section 15(2).

We will be grateful for your reconsideration of this matter.

Yours sincerely,

Nathan Nurgitz,
Joint Chairman.

Bob Kaplan,
Joint Chairman.

Howard Crosby
Vice-Chairman.

March 15, 1985,

Senator Nathan Nurgitz, Q.C., Joint Chairman
The Honourable Bob Kaplan, P.C., Q.C., M.P.
Joint Chairman
Mr. Howard Crosby, Q.C., M.P., Vice Chairman
Standing Joint Committee of the Senate and of the House of Commons on Regulations and other Statutory Instruments
c/o The Senate
Ottawa, Ontario
K1A 0A4

Dear Sirs:

Further to your letter of February 7, 1985, I have asked my officials to consider once more the question of amendments to Patent Rules pursuant to Section 15(2) or Section 12(1)(a) of the Patent Act.

My officials have given thorough consideration to the matter at hand and to the legal opinion received from the Department of Justice in 1978. I must recognize that my Department is bound by the opinion that the amendments to the rules in question, enacted pursuant to Subsection 12(1)(a) of the Patent Act, were *intra vires*. We see no reason to question the soundness of this opinion concerning rules that have proved effective for a fair number of years.

I trust that this response is satisfactory. I would like to add, however, that your concerns will be taken into full account in the event of further amendments to this particular area of the Patent Rules.

Yours sincerely,

Michel Côté

Respectfully submitted,

NATHAN NURGITZ,
Joint Chairman.

APPENDIX "C"

(*See p. 1406*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF STANDING JOINT COMMITTEE

TUESDAY, October 29, 1985

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

FOURTH REPORT

(Statutory Instruments No. 31)

1. In relation to its permanent reference, section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, c. 38, your Committee has determined to draw to the special attention of both Houses SOR/82-244, the *Oil Carriage Limitation Regulations*. In your Committee's judgment, these Regulations are *ultra vires* section 730(1)(d)(ii) of the *Canada Shipping Act*, R.S.C. 1970, c. S-9. The purpose of the Regulations is to restrict the quantity of oil that may be carried on board oil tankers in the waters within Head Harbour Passage, New Brunswick, and your Committee is of the view that the application of a regulation of this kind may not be limited to a particular body of water.

2. In section 727(2) of the enabling Act, Parliament determined that:

> Except where otherwise provided in this Part [Part XX] or in any regulation made thereunder, this Part and any regulations made thereunder apply
> (a) to all Canadian waters south of the sixtieth parallel of north latitude;
> (b) to all Canadian waters north of the sixtieth parallel of north latitude that are not within a shipping safety control zone prescribed pursuant to the *Arctic Waters Pollution Prevention Act;*
> (c) to any fishing zones of Canada prescribed pursuant to the *Territorial Sea and Fishing Zones Act*; and
> (d) to all ships in waters described in paragraphs (a) to (c).

The effect of this provision is that a regulation made under Part XX of the Act will apply to all the waters described in section 727(2) unless the regulation provides otherwise. At first glance, the Regulations under Report, as they expressly state that they apply only in the waters within Head Harbour Passage appear to come within the proviso "Except where otherwise provided ... in any regulation". However, once this legislative proviso is read together with sections 728(1) and 730(1) of the Act, it becomes clear that its scope is more limited than first appears. The text of sections 728(1) and 730(1) is reproduced in Appendix "A". Your Committee draws attention to the fact that sections 728(1) and 730(1)(g), (h), and (o) refer to "waters to which this Part applies *and with respect to which those regulations are made applicable*". Other enabling clauses refer only to "waters to which this Part applies" or contain no specific reference to the waters described in section 727(2).

It is a well established principle that every provision of an Act of Parliament is to be given meaning. As explained by Viscount Simon in *Hill v. William Hill (Park Lane Ltd.)*:

> ... it is to be observed that though a Parliamentary enactment (like parliamentary eloquence) is capable of saying the same thing twice over without adding anything to what has already been said once, this repetition in the case of an Act of Parliament is not to be assumed. When the legislature enacts a particular phrase in a statute the presumption is that it is saying something which has not been said immediately before. The rule that a meaning should, if possible, be given to every word in the statute implies that, unless there is good reason to the contrary, the words add something which would not be there if the words were left out.[1]

Your Committee is of opinion that the legislative proviso in section 727(2) of the Act is to be construed by reference to the phrase *and with respect to which those regulations are made applicable*. Having prescribed that a regulation made pursuant to Part XX of the Act applies in all of the waters described in section 727(2) unless it "otherwise provides", Parliament used this particular phrase to identify those regulations that can be made to apply to only part of the waters described in section 727(2) of the Act. In short, only regulations made pursuant to sections 728(1) or 730 (1)(g), (h), and (o) of the Act may provide that they do not apply to all of the waters to which Part XX of the Act applies but only to those waters specified in the regulations. If the proviso in section 727(2) is read as a discrete grant of authority to make a regulation applicable only to a particular body of water, the additional phrase used in sections 728(1) and 730(1) (g), (h), and (o) is rendered meaningless. Your Committee submits that the scheme of the Act requires that this phrase be interpreted as defining which regulations may be made to apply to only part of the waters described in section 727(2) and so come within the legislative proviso in that section. A regulation made pursuant to any other enabling clause is not one referred to in the proviso "Except where otherwise provided ... in any regulation" and will apply to all the waters described in section 727 (2) of the Act.

For these reasons, your Committee considers that any regulation made pursuant to section 730(1)(d)(ii) which prescribes the maximum quantities of any pollutant that may be carried on board ships of a designated class must apply to all Canadian waters, except those in a shipping safety control zone north of the sixtieth parallel, and to all waters in a fishing zone of Canada. Insofar as the *Oil Carriage Limitation Regulations* purport to apply only to the waters within Head Harbour Passage, New Brunswick, they are not authorized by the *Canada Shipping Act*.

3. Shortly before the adoption of this Report by your Committee, the House of Commons gave first reading to Bill C-75: the Bill proposes the adoption of a new Part XX of the *Canada Shipping Act* under which the Governor in Council would have the authority to designate the waters to which a regulation of the kind reported upon would apply. Insofar as the present legislation only grants that power in relation to specific classes of regulations, the adoption of Bill C-75 would represent a significant alteration of the existing legislative scheme. The Committee asks that parliamentarians give careful consideration to this aspect of the proposed legislation. But even if Parliament enacts Bill C-75 without amendment, this will not validate the Regulations under Report. The *vires* of the Regulations is to be determined by reference to the law as it stood when they were made and subsequent legislative changes have no bearing on this determination. If the enactment of the amending Bill now before the House of Commons will authorize the making of such regulations in future, it does not give the existing regulations a legal validity they lack *ab initio*.

4. Your Committee can not conclude this Report without commenting on the Minister of Transport's failure to offer reasons in support of the validity of the Regulations under Report. In this connection, we draw attention to the correspondence reproduced in Appendix "B".

When its objections to a particular statutory instrument are conveyed to the regulation-making authority concerned, the Committee expects that it will be given reasoned arguments in support of the validity or propriety of the instrument or that the regulation-making authority will explain why the Committee's views can not be accepted. In this instance, the Committee has repeatedly been informed that the Act provides sufficient authority for the Regulations. The bare assertion that a particular instrument is valid can not be accepted as sufficient if the Committee is to properly discharge its mandate pursuant to the *Statutory Instruments Act*. As stated by this Committee's predecessor:

> ... a mere statement that a particular course of action or omission is *intra vires* or is supported by an opinion of a solicitor of the Department of Justice, or of the Attorney General himself, is an affront to the Houses. At the very least, reasoned argument should always be given both to the Committee and to the Houses.(2)

In their letter of 3rd April, 1985, the Committee's Joint Chairmen and Vice-Chairman attempted to make this clear to the Minister. Unfortunately, the Minister's reply of 30th May, 1985, discloses a complete misunderstanding of the agreement reached between the Minister of Justice and this Committee's predecessor which was approved by the Cabinet in 1977. The Committee did not request that it be informed of or given access to the legal advice received by the Minister from officers of the Department of Justice, but that the Minister of Transport explain his own legal position as the Minister of the Crown responsible for recommending the adoption of the Regulations under Report to the Governor in Council. This request was entirely in accordance with the Cabinet approved agreement to provide the Committee with explanations as to the legality of any instrument queried by it, on the understanding that such explanations are to be treated as the sole responsibility of the responding department or Minister.

ENDNOTES

(1) [1949] A.C. 530, 546. As Spence J. observed in *Subilomar Properties Ltd. v. Cloverdale Ltd*: "It is of course trite law that no legislation whether it be by statute or by-law should be interpreted to leave parts thereof mere surplusage or meaningless, ..." [1973] 35 D.L.R. (3d) 1, 5.

(2) *Statutory Instruments No. 10*, Standing Joint Committee on Regulations and Other Statutory Instruments, 4th Report, 1st Sess., 32nd Parl., p. 21.

APPENDIX "A" TO THE REPORT

728. (1) The Governor in Council may make regulations prohibiting the discharge from ships of any one or more pollutants specified in the regulations, except as thereby authorized for the purposes of this Part, *in any waters to which this Part applies and with respect to which those regulations are made applicable.*

730. (1) The Governor in Council may make regulations

(a) prescribing substances and classes of substances that are, for the purposes of this Part, pollutants;

(b) prescribing for the purposes of subsection 728(2) circumstances in which, the location at which and the manner in which the master of a ship shall report to a pollution prevention officer or other designated person;

(c) respecting the fitting, maintenance, testing and use of electronic and other navigational equipment on ships carrying pollutants, in addition to that required under any other provision of this Act or the regulations;

(d) prescribing with respect to ships of any class designated in the regulations

(i) the types of pollutants and the maximum quantities thereof that may be carried on board such ships whether as cargo or otherwise,
(ii) the maximum quantities of any pollutant that may be carried in cargo holds or tanks and in any fuel tanks in such ships, and
(iii) the method of stowage of the cargo or fuel in such holds and tanks;

(e) respecting the supplies and equipment to be carried by and the fittings and installations required on ships carrying pollutants for handling the pollutants and dealing with any discharge thereof;

(f) respecting the method of retention of oily or other wastes by ships carrying pollutants;

(g) requiring ships *in waters to which this Part applies and with respect to which the regulations are made applicable* to have on board, maintain and use appropriate charts, tide tables, lists of lights and other nautical publications;

(h) respecting the number and qualifications of navigation and engine room personnel, including pilots and lookouts, required to be on duty on ships of any class designated in the regulations *in any waters to which this Part applies and with respect to which such regulations are made applicable;*

(i) prescribing procedures and practices to be followed by persons on board ships in order to ensure safe navigation in waters to which this Part applies;

(j) prescribing procedures to be followed when pollutants are loaded or unloaded from a ship in waters to which this Part applies or transferred on board a ship in such waters;

(k) prescribing the supplies and equipment to be maintained by the operators of loading and unloading facilities for ships for use in the event of any discharge of a pollutant during the loading or unloading of a ship;

(l) respecting the records to be kept on board a ship

(i) of any activities on board the ship in waters to which this Part applies that result in or may result in the discharge of a pollutant in any such waters or into the atmosphere,
(ii) of loadings and unloadings of the ship at any facilities in such waters, and
(iii) of discharges of pollutants by Canadian ships in any waters, which discharges, if made in waters to which this Part applies, would be contrary to any regulation made pursuant to subsection 728(1),

and prescribing the person or persons by whom such records shall be kept;

(m) for regulating and preventing the pollution of the air by ships;

(n) for regulating and preventing the discharge of pollutants by Canadian ships in such waters, other than waters to which this Part applies, as are designated by the Governor in Council;

(o) establishing compulsory traffic routes and other shipping traffic controls considered necessary for safe navigation *in waters to which this Part applies and with respect to which those regulations are made applicable;*

(p) prescribing quantities of pollutants for the purposes of the definition "in bulk" in subsection 727(1); and

(q) designating or prescribing anything that, pursuant to any provision of this Part, is to be designated or prescribed by the Governor in Council.

APPENDIX "B" TO THE REPORT

July 4, 1984

The Honourable Lloyd Axworthy, P.C., M.P.
Minister of Transport
House of Commons
Ottawa, Ontario

Dear Mr. Axworthy:

Re: SOR/82-244, Oil Carriage Limitation Regulations

The purpose of the referenced Regulations is to limit, pursuant to Section 730(1)(d)(ii) of the Canada Shipping Act, the quantity of oil that may be carried on tankers in waters within Head Harbour Passage in New Brunswick.

While Section 730(1)(d)(ii) of the enabling Statute contemplates that Her Excellency may prescribe the types of pollutants and the maximum quantities of such pollutants that may be carried on board ships of a designated class, the enabling Section does not permit the Governor in Council to limit the designation or prescription to a particular body of water as he has purported to do in the Oil Carriage Limitation Regulations. In Section 727(2) of Part XX of the Canada Shipping Act, Parliament has determined that, "except where otherwise provided in [Part XX] or in any regulation made thereunder", Part XX and any regulations made pursuant to the enabling powers it contains apply:

(a) to all Canadian waters south of the sixtieth parallel of north latitude;

(b) to all Canadian waters north of the sixtieth parallel of north latitude that are not within a shipping safety control zone prescribed pursuant to the Arctic Waters Pollution Prevention Act; and

(c) to any fishing zones of Canada prescribed pursuant to the Territorial Sea and Fishing Zones Act; and

(d) to all ships in waters described in paragraphs (a) to (c).

Section 727(2) makes it clear that a regulation made pursuant to Section 730 of the Act is to apply in all Canadian waters except as otherwise provided in Part XX or in the regulations.

It is the view of the Committee that a regulation made pursuant to Section 730(1)(d)(ii) cannot be made to apply to only part of the waters described in Section 727(2) and so fall within the proviso: "Except where otherwise provided in this Part or in any regulation made thereunder". We note that Parliament, having enacted Section 727(2), was careful to specify which regulations could be made to apply to only part of the waters described in that Section. The Act specifies that the regulations made pursuant to Sections 728(1), 730(1)(g), 730(1)(h) and 730(1)(o), apply "in any waters to which [Part XX] applies *or with respect to which those regulations are made applicable*". We believe this language shows that Parliament provided in the Statute itself which regulations could be made to apply to particular bodies of waters and thus fall within the words: "Except where otherwise provided in this Part or in any regulation made thereunder".

In granting the regulation making authority found in Section 730(1)(d)(ii), Parliament did not provide that the application of the regulations made thereunder could be restricted to waters "with respect to which those regulations are made to apply". Consequently, the Committee takes the view that any such regulation is to apply in all the waters described by Parliament in Section 727(2) and that the referenced Regulations cannot be made to apply solely to the waters within Head Harbour Passage in New Brunswick.

Informed of the Committee's position in this matter, your Department has merely advised the Committee that in the view of the legal advisers to the Department, the Act provides sufficient authority for the present Regulations. It was not explained to us how such a conclusion could be reached on the basis of the statutory language used in Part XX of the *Canada Shipping Act*.

We would appreciate your reconsideration of the position taken by your Department in this matter.

Yours sincerely,

John M. Godfrey
Joint Chairman

Perrin Beatty
Joint Chairman

W. Kenneth Robinson
Vice-Chairman

January 21, 1985

Senator the Honourable Nathan Nurgitz
Joint Chairman
The Honourable Robert P. Kaplan, P.C., M.P.
Joint Chairman
Mr. Howard E. Crosby, M.P.
Vice-Chairman Standing Joint Committee of the Senate and of the House of Commons on Regulations and other Statutory Instruments
The Senate
Ottawa, Ontario
K1A 0A4

Gentlemen:

This refers to your letter of 19 December 1984, with which you enclosed a copy of correspondence concerning the application of the *Oil Carriage Limitation Regulations* within Head Harbour Passage.

The matter was referred to departmental legal advisers who are still of the opinion that there is sufficient authority under the *Canada Shipping Act* to make the regulations in question.

As has been noted in previous correspondence on the subject, however, there appears to be a clear difference of opinion. I am therefore wondering if it would not be more appropriate to

leave the matter to the Courts to decide in the event that there is a challenge on the regulations. It seems to me that this would be preferable to engaging in a debate on the legal interpretation to be given to certain passages of the *Canada Shipping Act*.

I have issued instructions that your letter be brought to the attention of the responsible officials, in the event that it is decided to amend the Act, so that your views might be taken into account when preparing any such amendments.

Yours sincerely,

Don Mazankowski

April 3, 1985

The Honourable Donald F. Mazankowski, P.C., M.P.
Minister of Transport
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Mr. Mazankowski:

Re: SOR/82-244, Oil Carriage Limitation Regulations

We thank you for your letter of January 21st, 1985, which was placed before the Committee on March 21st last.

Committee members do not feel your letter is an adequate response to the previous Chairmen's letter of July 4th, 1984. When the Committee's objection to the Oil Carriage Limitation Regulations was brought to the attention of your Department by counsel to the Committee, we were advised that:

> "... on a reading of Part XX of the *Canada Shipping Act* as a whole, the Governor in Council does have authority under subsection 730(1) to make regulations, including any regulations under paragraph (d) thereof, applicable only to a particular body of water".

In a letter dated December 6th, 1982, our counsel further detailed the reasons for which we do not think the Governor in Council to have this authority, in an attempt to obtain a substantive reply from the Department beyond a bare assertion of validity. In her letter of February 10th, 1983, Dr. Sainte-Marie wrote that:

> "It seems to me that there is a clear difference of opinion between the Committee and our legal advisers on the legislative authority of the Governor in Council to make the above regulations. As I mentioned in my letter to Mr. Eglington, dated July 15, 1982, our legal advisers are of the view that there is sufficient authority to adopt such regulations".

The Committee can not accept as sufficient a mere statement that a conclusion supporting the validity of an instrument has been made. In any such case, we expect to be given an explanation of the legal reasons which support the conclusion and to be shown in what way the Committee's reasons do not support its own position or conclusion. Any other approach would seriously impair the Joint Committee's ability to fulfill the statutory mandate given to it by Parliament and this was recognized when, in 1977, the then Minister of Justice wrote our predecessors:

> "In discussing this matter with yourselves and the Committee, my mind has generally focussed on the narrow issue of the tabling of legal advice given by my Department to the government. But my officials and I have considered more generally some of the difficulties which I understand the Committee is experiencing and as a result I have recommended to my colleagues in Cabinet a system which I believe is practical and will result in the Committee obtaining more complete information when it has questions related to statutory instruments.
> I have proposed that departments and agencies nominate a senior official, perhaps at the deputy-minister level, to whom requests for explanations concerning statutory instruments would be directed. This official would then provide the requested explanations having regard to the department's policy and legal position. Naturally, in many cases there will be consultation between the department concerned and the Department of Justice. It must, however, be understood that the explanations provided, including any explanation as to the legality of the instrument, would be the sole responsibility of the responding department and that legal advice given to those departments by the Department of Justice will not be disclosed. It is my hope that this system will provide for responses that will allow the Committee to perform its important function, while preserving the confidentiality of lawyer-client communications. This proposal has now been approved by my colleagues and steps are being taken to have it implemented in the very near future."

The purpose of Messrs. Godfrey, Beatty and Robinson's letter to the Honourable Lloyd Axworthy was to draw to his attention your Department's failure to provide the Committee with a substantive response to its objection and to request that this response be given. In light of this, we trust you will understand we can not accept it as sufficient for you to inform us that your legal advisers "are still of the opinion that there is sufficient authority under the Canada Shipping Act to make the regulations in question" and would ask for a substantive reply to our letter of July 4, 1984, including a statement of the legal reasons upon which this conclusion relies.

Yours sincerely,

Nathan Nurgitz
Joint Chairman

Bob Kaplan
Joint Chairman

Howard Crosby
Vice-Chairman

May 30, 1985

The Honourable Nathan Nurgitz
Joint Chairman
The Honourable Bob Kaplan, P.C., M.P.
Joint Chairman
Mr. Howard Crosby, M.P.
Vice-Chairman
Standing Joint Committee of the Senate and of the House of Commons on Regulations and other Statutory Instruments
The Senate
Ottawa, Ontario K1A 0A4

Gentlemen:

Thank you for your letter of 3 April 1985 concerning an amendment to the Oil Carriage Limitation Regulations.

In your letter, you quote extensively from a letter written in 1977 by the then Minister of Justice in which he set out the procedure for responding to the Committee's request for explanations with respect to specific regulations.

I believe that it was quite clearly stated in that letter that legal advice given to departments by the Department of Justice would not be disclosed. I am concerned that your latest request may now be inviting such disclosure.

After reviewing the matter, I have concluded that Transport Canada's past correspondence has provided the Committee with all the explanations, in accordance with the aforementioned arrangements. To go further, I believe, would amount to disclosing the legal advice that Transport Canada has received from the Department of Justice.

I hope the foregoing has clarified Transport Canada's position.

Yours sincerely,

Don Mazankowski

Respectfully submitted,

NATHAN NURGITZ
Joint Chairman.

THE SENATE

Tuesday, November 5, 1985

The Senate met at 2 p.m., the Honourable Rhéal Bélisle, the Acting Speaker, in the Chair.

Prayers.

DISTINGUISHED VISITOR IN GALLERY

HIS EXCELLENCY HASJIM DJALAL, AMBASSADOR OF INDONESIA

The Hon. the Acting Speaker: Honourable senators, I wish to draw your attention to the presence in our gallery of His Excellency, Dr. Hasjim Djalal, the Ambassador of Indonesia. He is accompanied by his Minister-Counsellor, Mr. Soewandi Kusumoadinoto, and Mr. Buru, the Consul in Toronto.

Hon. Senators: Hear, hear.

THE PRIME MINISTER

SPEECH ON OCCASION OF FORTIETH ANNIVERSARY OF UNITED NATIONS PRINTED AS APPENDIX

Hon. Duff Roblin (Leader of the Government): Honourable senators, as requested at the last sitting of the Senate, I now table the speech delivered by the Prime Minister to the United Nations, and ask that it be printed as an appendix to the *Debates of the Senate* of this day.

The Hon. the Acting Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of speech see Appendix, p. 1445.*)

[*Translation*]

LOUIS RIEL

HUNDREDTH ANNIVERSARY OF HANGING—NOTICE OF INQUIRY

Hon. Joseph-Philippe Guay: Honourable senators, I give notice that on Thursday next, November 7, 1985, I will call the attention of the Senate to the one hundredth anniversary, on November 16, 1985, of the hanging of Louis Riel.

YOUTH

SPECIAL COMMITTEE OF THE SENATE—NOTICE OF MOTION

Hon. Jacques Hébert: Honourable senators, I give notice that tomorrow, Wednesday, November 6, 1985, I will move:

> That the Order of Reference of the Special Committee of the Senate on Youth be amended by deleting the words "28th November, 1985," and substituting therefor the words "27th February, 1986"; and
>
> That the Honourable Senators authorized to act for and on behalf of the Senate in all matters relating to the internal economy of the Senate during any period between sessions of Parliament or between Parliaments, be authorized to publish and distribute the Report of the Special Committee of the Senate on Youth.

QUESTION PERIOD

[*English*]

AGRICULTURE

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ASSISTANCE

Hon. Hazen Argue: Honourable senators, I should like to direct my question to the Leader of the Government in the Senate. I directed a question to him a week ago today with respect to when the cabinet would be dealing with the drought emergency program, and whether an announcement would be made immediately. The Leader of the Government in the Senate informed us then that that proposal had been before a cabinet committee that day, and that he expected it would be dealt with by the full cabinet at the end of last week.

Newspaper reports suggest that the proposal has not yet been dealt with. There is great apprehension and consternation in the prairies that the government may be losing interest in doing a first-class job of dealing with the problems that have arisen from the worst drought and grasshopper infestation to affect a large part of the prairies in 50 years.

I urge the leader to tell us when the government will, in fact, deal with this matter, and I ask him to tell us whether or not the report that will be made public will deal with the request for $50 an acre for acreage payments and $100 per brood cow.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can tell my honourable friend that the government will never tire of trying its best to do good, and we are still in that frame of mind with respect to this problem.

When the question was asked last Thursday, I was careful to tell the Senate that I was not in a position to give a firm reply for the simple reason that I did not know. This is being considered by a committee of cabinet. It is not being considered by a committee of which I am a member, and even if I were, it would be difficult for me to give further information than I have already given.

I can assure my honourable friend that the matter is on the agenda and has not been forgotten. I am just as anxious as he is to get an answer.

Senator Argue: Is the matter before the Priorities and Planning Committee, or has it been cleared by that committee? Because if it has been cleared by that committee, the way things used to be done, it is likely to be cleared by the full cabinet. Is it bogged down in the Priorities and Planning Committee? Is it in danger of dying in the Priorities and Planning Committee unless enough people raise hell?

Senator Roblin: My honourable friend knows that I cannot disclose where a document is in the cabinet process. All I can tell my honourable friend is that it is before the cabinet and will be dealt with. I think he will find that we have not forgotten the importance of this issue.

Hon. H. A. Olson: I have a supplementary question. Four or five weeks ago I asked the Leader of the Government for a definition of the word "soon" which he used at that time. Do we have to have a new definition of "soon", or what does the word now mean?

Senator Roblin: I have to admit that "soon" is a word which is a little elastic.

Senator Argue: With this cabinet, it means forever.

Senator Roblin: Don't despair; you will get something.

TRANSPORT

PORT OF CHURCHILL, MANITOBA—CONTINUED OPERATION

Hon. Joseph-Philippe Guay: Honourable senators, my question is for the Leader of the Government in the Senate. I am sure the leader is quite aware of the subject I am going to raise.

There has been a great deal of talk in Manitoba regarding the Port of Churchill and the federal government's commitment to keep the Port of Churchill going. I could go on and on, but I am sure that the Leader of the Government in the Senate knows what I am referring to, including the many commentaries being made at this time in our province. Has he made any representations to his government in this particular regard and, if not, would he do so?

Hon. Duff Roblin (Leader of the Government): Honourable senators, the Minister of Transport met with representatives of the Province of Manitoba last week. To the best of my knowledge, they dealt with all the points at issue and were able to arrive at some conclusions. The net result is that, on the whole, the project is proceeding along the correct lines. There is an aspect of the matter which is under the jurisdiction of Ports Canada. While that is a government body, it does run an independent operation and, therefore, it is necessary for Ports Canada to make a decision with respect to one aspect of this matter but I believe that that decision has not yet been made. The minister is urging Ports Canada to get a move on.

Last week as well, I think, the contract was let for a tugboat to operate in the Churchill harbour, which was one of the important undertakings given in this matter, so progress is being made.

I have to tell my honourable friend—and I am speaking now in a speculative sense which, I suppose, is a dangerous thing to do—that the Senior Grains Advisory Committee has issued a report on the Port of Churchill which I have not yet read, but which I would commend to my honourable friend, and if I get a copy I shall pass it along to him.

Senator Argue: What organization is that?

Senator Roblin: The Senior Grains Advisory Committee.

Senator Argue: Of the Department of Transport?

Senator Roblin: I cannot give any more information than that.

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government in the Senate. On October 16 I asked him about a visit of a group of American governmental officials, accompanied by members of the private sector, who apparently attended upon trade associations in Canada related to our cultural industries, and particularly copyright and publishing. At that time I asked the Leader of the Government in the Senate if he could inform us as to what that group was doing in Canada and whether or not they were, in fact, making representations with respect to the government's trade policy with the United States. Is the Leader of the Government in the Senate prepared to respond today to the question I asked on October 16?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am still waiting for information from the departments concerned.

Senator Grafstein: Honourable senators, today we heard that the Canadian Ambassador to the United States has been threatened by a representative of Gulf and Western that should the government not comply with its request to approve the Prentice-Hall proposal there will be a "scorched earth" policy with respect to Canada's relations with the United States.

Can the Leader of the Government in the Senate assure us that Canada's cultural interests in the publishing industry will be upheld in that decision, and that the government will not succumb to threats by American lobbyists?

Senator Roblin: I can give my honourable friend the assurance that the government will not succumb to threats by American lobbyists, although I expect that between now and the run up to these negotiations there will be many matters raised besides cultural interests. I fully expect that those with lumber interests and others who have particular concerns will be making their views widely known. It would be unusual if that did not happen. In similar circumstances I would expect interested people in Canada to do the same thing. With reference to the Prentice-Hall issue, it is, in accordance with the current law, being reviewed, but I think—and I have to be careful about timing because I have not been too lucky in that

regard recently—by the end of the year we will have a ruling on that issue.

• (1410)

CULTURAL HERITAGE AND NATIONAL IDENTITY

GOVERNMENT POLICY

Hon. Keith Davey: Honourable senators, as the Leader of the Government in the Senate knows, I have asked leading questions on the subject of our cultural heritage and national identity, and he has, at various times, offered me assurance in this regard. On October 15, he said: "... the policy of the government has not changed." On September 25, he said, "My suspicion is that he will find himself well satisfied." Honourable senators, I am not well satisfied; I am rather troubled following Senator Grafstein's question.

On July 9, Marcel Masse announced the new book publications policy which will require foreigners to sell within two years to Canadians any book publishing firms purchased directly or indirectly. That is very clear. That was a policy announced by Mr. Masse.

Yesterday, the Secretary of State for External Affairs said that free trade talks will include discussion of book publishing in Canada. Which statement of policy is correct?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I guess the hope I expressed of being able to satisfy my honourable friend was misplaced. I now have to say, for reasons which are obvious, that I think it is unlikely I will ever be able to satisfy my honourable friend on issues in which he takes a direct interest.

However, with respect to this matter, I can say that the policy of the government has not changed.

Senator Frith: What is the obvious reason?

Senator Roblin: Politics. I think, perhaps, now and then, a little politics creeps into this chamber. I am not surprised and I do not object to that.

I am simply saying that the policy of the government has not changed, and the Secretary of State for External Affairs has made it quite clear that the government is committed, without any question, to expanding and strengthening the Canadian publishing industry. We want to protect those who require protection. That is still the policy of the government.

Senator Davey: As a further supplementary question, what publishers would qualify as those needing the protection of the government? What would be the description of those?

Senator Roblin: I think, myself, that, on the whole, the publishing industry needs the protection of the government. There may be isolated instances where this is not the case, particularly where issues have arisen that were commenced prior to the enunciation of the government policy and which may cast a reflection on what is decided and what is done. I can say that the whole of the publishing industry and other aspects of our cultural interests are included in this overall statement.

[Senator Roblin.]

Senator Davey: As a further supplementary, is the announcement made by Marcel Masse in July extinct—part of history?

Senator Roblin: The answer is: That is the policy of the government at the present time.

Senator Davey: I am not trying to be difficult, but did I understand the Leader of the Government to say that the policy announced by Mr. Masse in July is the policy of the government?

Senator Roblin: The policy announced by my former colleague, the Honourable Marcel Masse, is still the policy of the government. I think this was reiterated by the present Secretary of State, the Honourable Benoît Bouchard, the other day.

Senator Davey: I am confused, and not for the first time. I do not understand how that squares with the comments of the Secretary of State for External Affairs yesterday. I think that is clearly at odds with the statement of Mr. Masse. Perhaps I am wrong, and it would not be the first time. I find this very troubling.

Senator Roblin: I think, if my honourable friend were to read what the Secretary of State for External Affairs said, it would be as clear as I could make it. I will either read it now or send him a copy.

Senator Davey: Would it be possible for the Leader of the Government to read it now?

Senator Roblin: He stated:

> The Government of Canada is committed, without any question, to expanding and strengthening the Canadian publishing industry. That is why we are going to be involving representatives of that publishing industry directly in our preparations for any negotiations that might ensue. We want to protect those who require protection. We want to achieve larger access for those who are looking forward to larger access. That strengthens Canadian cultural industries. That is what we are seeking to do.

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a supplementary question. The Leader of the Government should be aware that the association of the publishing industry has taken a very strong and total stand against the Prentice-Hall takeover or any further erosion, through American influence, of Canadian publishing. Could the Leader of the Government in the Senate clarify who in the publishing industry in Canada is prepared to suggest that that stand, taken by their own association, should be changed as it relates to this policy? He seems to indicate that there is some sort of split in the ranks of the publishing associations in terms of their unanimous stand against government action on this point.

Senator Roblin: I repeat that they will be consulted about the government's policy, and, if that is their stand, it will be made known. I understand that there is more than one publishing association in Canada, one of which takes the stand that my honourable friend has mentioned. There is another that has a somewhat more ambivalent approach to the matter. I must

confess that I am not an expert in these matters so I simply record the fact that there is more than one view that has been taken.

Hon. J. Allan MacEachen (Leader of the Opposition): Honourable senators, I have a supplementary question. Yesterday the Secretary of State for External Affairs made it clear that the publishing industry will be included in the negotiations with the Americans on free trade. In the light of the assurance given about the policy enunciated by the former minister with respect to acquisitions of Canadian publishing houses, will the two-year rule referred to by Senator Davey be carried into the negotiations by the Canadian government as a firm policy position and one that is non-negotiable?

Senator Roblin: I think that that is the case. Just to satisfy myself that I am giving the correct information, however, I will take the question as notice.

AGRICULTURE

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT

Hon. Joyce Fairbairn: Honourable senators, I should like to ask the Leader of the Government in the Senate whether he can report any progress on the question of stabilization payments for the sugar-beet producers.

Hon. Duff Roblin (Leader of the Government): I have to congratulate my honourable friend on her persistence. She does not overlook the issue. I am sorry to have to report that it is bound up with our discussions respecting drought assistance.

Senator Fairbairn: As a supplementary, may I ask if, in the cabinet, the question of stabilization is now tied in with the national sugar policy discussions and the discussions on the drought assistance? Is this not an issue that is not being considered on its own merits but, rather, as part of a package?

Senator Roblin: No, this issue is being considered on its merits. There are at least two questions respecting sugar-beets: What is to be done about the past and what is to be done about the future? Both of those matters are now in the mill.

SUPPLY AND SERVICES

POLL—AWARDING OF CONTRACT

Hon. Keith Davey: Honourable senators, I should like to ask about the super-duper omnibus government poll, the bidding for which was closed by the Department of Supply and Services on August 30. Could the government leader tell us which company was awarded the contract for that particular poll?

Hon. Duff Roblin (Leader of the Government): I am sorry to say that I have absolutely no information on the subject. I will ask one of my colleagues if it can be provided.

Senator Davey: Perhaps the Leader of the Government would remind his colleagues that it is now two months since the bidding closed. That seems to me to be a rather lengthy period of time.

Senator Roblin: If there is anyone who knows anything about polls, it is certainly my honourable friend. I will take that into account.

Senator Davey: I take that as a compliment, thank you.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have some delayed answers to questions.

PARLIAMENT HILL

COST OF TOURIST RECEPTION TENT

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 15 last by the Honourable Azellus Denis respecting Parliament Hill—cost of tourist reception tent.

(*The answer follows:*)

The National Capital Commission advises the following combined capital cost for 1984 and 1985 for the Infotent:

Purchase of tent	$ 40,100
Interior furnishings (floor, counters, seating, etc.)	67,900
Landscaping	40,000
Utility installations	8,300
TOTAL	$156,300

The operating costs (personnel, material, equipment, security, cleaning, utilities, installations, dismantling and storage):

1984 - $91,000 1985 - $125,000

And the Infotent revenues:

1984 - $5,800 1985 - $10,000

TRANSPORT

SECURITY AT CANADIAN AIRPORTS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 25 last by the Honourable Allan MacEachen respecting Transport—security at Canadian airports.

(*The answer follows:*)

As per the Minister of Transport's announcement in the other place on June 25, 1985, the withdrawal of RCMP services at certain designated airports has been deferred pending the outcome of the full evaluation of airport security systems ordered by the Prime Minister June 24, 1985.

This evaluation is being done by the Interdepartmental Committee for Security and Intelligence under the leadership of Blair Seaborn, and the final report is expected imminently.

The screening of passengers and their carry-on baggage, as well as stowed baggage and cargo is performed by the air carriers as dictated by Transport Canada's Civil Aviation Security Measures Regulations.

AIRPORT TAX—REPORTED RESTRUCTURING

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 25 last by the Honourable Paul Lucier respecting Transport—airport tax—reported restructuring.

(*The answer follows:*)

The Government is taking unprecedented steps to increase security throughout the Canadian airport system. These measures are necessary and costly.

The current situation is such that cost recovery for the airport system in 1980 was 50 per cent and today it stands at 34 per cent. This deficit in the airport system is such that the cost to Canadian taxpayers is $58 per round trip.

The Canadian Air Transportation Tax of 9 per cent is less than the Japanese and Brazilian Air Transportation Taxes of 10 per cent and 13 per cent respectively. The Canadian tax is comparable to the U.S. Air Transportation Tax of 8 per cent. All foreign taxes mentioned are without ceilings.

Since longer haul routes make more use of en route air navigation services, it is logical that increased contributions to the recovery of costs be made by individuals travelling longer distances. Conversely, those that travel the longest distances in the future may very well benefit the most from current proposals for further regulatory reform.

The removal of the ceiling on the Air Transportation Tax, originally implemented in 1974, is a necessary step in maintaining the efficiency and security of our Air Transportation System. Furthermore, it should be judged in the context of all the initiatives being undertaken to improve the convenience and reduce the cost for the travelling public: proposals for increased Regulatory Reform that include downward pricing flexibility; an aggressive negotiating position with the United States that will likely see more Canadian and American cities connected by air service; and as the Budget stated, an exploration of options for more locally-oriented management structures for airports which will be a major step to controlling costs.

HEALTH AND WELFARE

ACQUIRED IMMUNE DEFICIENCY SYNDROME—GOVERNMENT ACTION

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on September 18 last by the Honourable Stanley Haidasz respecting Health and Welfare—acquired immune deficiency syndrome—government policy.

[Senator Roblin.]

(*The answer follows:*)

The Department of Health and Welfare is heavily involved in the development and implementation of strategies to prevent the spread of AIDS in Canada.

Funds have been allocated for the implementation of a national blood donation screening program. The Canadian Red Cross Blood Transfusion Service (CRC-BTS) will have in place, by November 1st, the technology for testing all blood donations for evidence of the virus believed to cause AIDS. Contaminated blood will be discarded, thereby virtually eliminating the risk of tranfusion-associated AIDS. The CRC-BTS is, in addition, continuing its policy of self-exclusion of donors from population groups known to be affected by AIDS (e.g. male homosexuals).

As of July 1st, 1985, it was required that all Factor VIII concentrate given to hemophiliacs to promote clotting be heat treated to inactivate the virus. This will protect hemophiliacs from AIDS.

In addition, the Department is actively involved in the development of educational material on this subject. The National Advisory Committee on AIDS was created in 1983 and is comprised of scientists and physicians nationally. The Committee is working with the Department in the development of guidelines and information for health care professionals and the public. Education as to prevention of AIDS through lifestyle modification is a primary focus.

An educational pamphlet for the general public has been developed and distributed to provincial ministries of health, universities, secondary schools, hospitals, health units, community information centres, AIDS support groups, the Canadian Red Cross Society, the Canadian Hemophilia Society, private physicians, public clinics, and concerned individuals across the country. Over 500,000 copies of this pamphlet have been distributed, and an additional 200,000 pamphlets will be mailed out by the end of this year. A review for health care professionals has been distributed to professionals nationally in an effort to keep this group accurately informed.

National surveillance is ongoing to monitor the pattern of this disease in Canada. A hospital surveillance program is also underway to determine the risk of infection in health care workers who have been exposed to blood or body fluids while providing care to AIDS patients. Periodic surveys of female prostitutes are underway in order to determine the potential for spread into the heterosexual population. Presently, there is no evidence in Canada that prostitutes are affected.

The Department is providing laboratory testing services to physicians and researchers across Canada. As testing will be carried out at the provincial level in the near future, the laboratory will serve as a training site for

technicians from the provinces as well as providing a reference laboratory service.

FOREIGN AFFAIRS

RE-ESTABLISHMENT OF DIPLOMATIC RELATIONS WITH IRAN

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on September 19 last by the Honourable Eymard Corbin respecting Foreign Affairs—re-establishment of diplomatic relations with Iran.

(*The answer follows:*)

Canada's diplomatic relations with Iran have not been severed. Iran maintains an Embassy in Ottawa, headed by that country's Chargé d'affaires, while Canadian affairs are looked after by the Canadian interests section of the Royal Danish Embassy in Tehran which includes a small number of locally-engaged staff employed by Canada.

We want to look to more productive relations with Iran, particularly in trade. To this end, the Government scrutinizes attentively any possible opportunity to enhance the bilateral relationship.

Periodically since 1980, there have been discussions between Canadian and Iranian officials about possibilities for improving relations, including occasional visits by Canadian government personnel to Tehran. For instance, earlier this year, one of our trade officers spent several days in Iran promoting Canadian commercial interests there.

• (1420)

FISHERIES AND OCEANS

SALE OF CANNED TUNA UNFIT FOR HUMAN CONSUMPTION—PRIME MINISTER'S OFFICE—EXTENT OF KNOWLEDGE

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on September 24 last by the Honourable Royce Frith respecting Fisheries and Oceans—sale of canned tuna unfit for human consumption—Prime Minister's Office—extent of knowledge.

Hon. Royce Frith (Deputy Leader of the Opposition): May we have this one read?

Senator Roblin: Yes. The former Minister of Fisheries advised in a news release issued September 20, 1985, that he had the first of a series of conversations with the Prime Minister in regard to the Star-Kist tuna matter on Wednesday, September 18, 1985. He also stated that two members of his staff had advised a member of the Prime Minister's Office on one occasion in July that a television network might run a story on the issue. Neither the former minister nor his staff provided the Prime Minister's Office with the now known details of this case, until Wednesday, September 18, 1985.

The former Minister of Fisheries was most certainly not persuaded by the Prime Minister's Office to overrule his officials.

SALE OF CANNED TUNA UNFIT FOR HUMAN CONSUMPTION—CONSUMER CONFIDENCE—FUTURE OF STAR-KIST PLANT—GOVERNMENT POLICY

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 1 last by the Honourable Eymard Corbin respecting the sale of canned tuna unfit for human consumption—future of the Star-Kist plant.

(*The answer follows:*)

The question was answered by Senator Roblin at the time that it was asked. Senator Roblin replied:

"I think I can tell my honourable friend that the government is examining in depth the whole question of certification of the wholesomeness of food of every kind. I think that I am within proper bounds if I tell my honourable friend that some announcements may be made with respect to this matter when the policy has been thoroughly considered.

With respect to employment at the plant in St. Andrews, New Brunswick, one must hope that the plant will continue in operation, because it has produced an acceptable product over many a long year, no matter what one happens to think of the particular issue that has been in the public press so persistently for the last little while. I believe that it will continue to produce a good product. However, it is clear to me that the plant will have some difficulties in re-establishing the full market, and for the next short period of time I would expect that to be the situation. We will just have to wait and see how the matter develops."

PARLIAMENT BUILDINGS

CENTRE BLOCK—REMOVAL OF PHOTOGRAPHS OF BRITISH PRIME MINISTERS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 15 last by the Honourable Henry Hicks respecting the Parliament Buildings—Centre Block—removal of photographs of British Prime Ministers.

Hon. Royce Frith (Deputy Leader of the Opposition): Let us hear that answer.

Senator Roblin: Are you serious?

Senator Frith: Yes, I am.

Senator Roblin: The Speaker of the House of Commons advises:

This past summer while renovations were being made to the Parliamentary Restaurant and corridor leading to the restaurant, the photographs of the British Prime Ministers were removed. The Parliamentary Spouses Association, which was asked to suggest paintings for the restaurant, recommended that prints of Canadian Prime Ministers be put up in the corridor in place of the photographs.

Plans are now being made to have prints of the Canadian Prime Ministers hung in the corridor and a suitable location for photographs of the Prime Ministers

—that is, of the United Kingdom—

will be found.

CONSUMER AND CORPORATE AFFAIRS

SALE AS PET FOOD OF CANNED TUNA UNFIT FOR HUMAN CONSUMPTION

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 15 last by the Honourable Stanley Haidasz respecting the sale as pet food of canned tuna unfit for human consumption.

(*The answer follows:*)

Although there are presently no federal standards for the quality of the ingredients that go into pet food, the companies that market it have their own standards that the producers of pet food must meet. In the case at hand, Star-Kist has indicated that it does not intend to use the returned tuna for either human or pet food.

TRANSPORT

ST. LAWRENCE SEAWAY—WELLAND CANAL BLOCKAGE

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 16 last by the Honourable Richard Stanbury respecting Transport—St. Lawrence Seaway—Welland Canal blockage.

(*The answer follows:*)

Officials have determined the extent of the damage and worked out a repair procedure which is currently underway. It is expected that repairs will be completed by November the 6th.

Regarding any diversion of cargo, the Seaway is providing information as best they can but this would be a commercial decision.

With regard to possible lay-offs, the Minister is cognizant of that situation, and every effort is being made to speed lock repairs so that the ships can operate again.

BANKING

CANADIAN COMMERCIAL BANK—MEMORANDUM OF INTENT—REQUEST FOR INFORMATION

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on September 19 last by the Honourable Royce Frith respecting the Canadian Commerical Bank—Memorandum of Intent—request for information.

These questions were raised again in the Banking, Trade and Commerce Committee meetings on Bill C-79. Therefore, the answers were provided to Senator Frith directly in committee. However, in response to a request made in the Senate, I will repeat the answer now.

(*The answer follows:*)

The participation agreement contained a number of provisions which were believed, at the time, to be adequate to ensure the continued operation of the Canadian Commercial Bank as a viable institution. During the summer, steps were taken to initiate the terms of the March agreement. However, on September 1, 1985, the Minister of Finance appointed a curator to the bank to oversee its operations until such time as a provisional liquidator could be appointed. Following this action, fulfillment of the terms of the March support agreement was not possible.

Specific Questions:

1. Schedule of assets. The schedule of assets referred to in the March memorandum of intent contains information on third parties which had business dealings with the bank. The release of this information is forbidden under Section 251 of the Bank Act. In addition, consent has not been obtained from the various parties identified in the schedule who have loans outstanding with CCB. Providing information on the relationship between the assets in the schedules and assets allegedly transferred to the U.S. subsidiary constitutes an indirect release of this information and is prohibited by the privacy requirements of the Bank Act.

2. Participation certificates. Participation certificates were issued in accordance with the terms of the support package.

3. Ranking of the support group. Under the terms of the March support agreement, members of the support group, other than the Canada Deposit Insurance Corporation (CDIC), rank *pari passu*, or in equal standing, with depositors in the liquidation of the bank. The CDIC did not receive the same standing as other support group members because it stood to lose far more than its contribution in the event of the bank's failure. Thus most members of the support group will rank equally with the unsecured depositors of the bank including the government which will assume the rights of certain of these depositors in liquidation. However, they will not receive compensation from the government under Bill C-79.

4. Special Representatives. In accordance with the terms of the support package the Inspector General of Banks appointed two special representatives (Messrs. Cockburn and Johnston) to conduct a review of the "portfolio assets". Their reports contain confidential information on third parties which had business dealings with the bank and, as such, have not been made public.

5. Payments on loans identified in the support package. Interest was paid on some of the loans in the support

package. Other loans identified in the support package have not paid interest.

6. Payments of dividends. No dividend payments were made by the bank following the adoption of the support package.

7. Share warrants. Share warrants were not issued by the banks as the required change in the authorized capital of the bank was not completed prior to September 1, 1985.

8. Opinion of the Inspector General. The Inspector General prepared a letter, in accordance with the support package, in which he expressed his view as to the solvency of the bank following the implementation of the support package.

9. Subordination of debentures. An agreement was entered into in which the holders of the debentures waived interest payments until the members of the support group were repaid in full.

10. Administration of the portfolio. The memorandum of intent did not include any provisions relating to the day to day administration of the portfolio identified in the support package by the CCB.

11. CCB reports to the support group. The Inspector General of Banks maintained constant contact with CCB on matters regarding the bank's funding and other operations following the implementation of the support package.

12. Directions given by support group to the CCB concerning the administration of the portfolio. There were no instructions issued by the members of the support group in regards to the administration of the support package portfolio.

13. Ranking of support group participation. See number 3 above.

14. Acquisition of participation certificates. The government did acquire participation certificates in accordance with the terms of the support group.

15. Acquisition of warrants. No warrants were issued.

16. Acquisition of debentures. The Government of Canada, in conjunction with the governments of Alberta and British Columbia acquired the outstanding debentures of the bank, totalling some $39 million. The cost of purchasing these debentures was shared equally by the three governments involved. The acquisition of these debentures was undertaken to meet the terms of the memorandum of intent, which specified that debenture holders must waive interest payments, to ensure the implementation of the support package.

17. Supporting agreements. The Government of Canada entered into a supporting agreement with the governments of Alberta and British Columbia whereby the three governments agreed to forgo interest payments on these debentures until all members of the support group were reimbursed.

SUPPLY AND SERVICES

UNIVERSITY OF HAWAII—CONTRACT FOR SURVEY RESEARCH

Question No. 16 on the Order Paper—**By Hon. Lorna Marsden:**

18th September

1. Why was the largest contract awarded by the Department of Energy, Mines and Resources ($603,795) given to the University of Hawaii in Honolulu for the purpose of carrying out survey research on the Juan de Fuca ridge system and the Vancouver Island continental slope, as listed in the August 1985 Research and Development Bulletin of Supply and Services Canada?

2. What were the contracts given in the last year by the Canadian Government to Universities outside Canada?

Reply from the Minister of Supply and Services:

1. A geophysical survey of the northern Juan de Fuca ridge system and Western Canadian Continental margin was recently completed by the Hawaii Institute of Geophysics, University of Hawaii with the acoustic imaging system SeaMARC II. The H.I.G. SeaMARC II imaging system is the only one of its kind in the world, making it necessary to award the contract to that research group.

Among many things that make this system unique are:

(a) The ability to continously insonofy a large area of seafloor (10 km swath width, at 8 knot profiling speed)

(b) The ability to obtain a high resolution, high quality geometrically correct backscatter image over the full swath width

(c) The ability to obtain bathymetric data over the full swath width.

Many ongoing Canadian research programs, both in E.M.R. and in universities, are depending upon the imagery that only this system has been able to provide.

2. See table which follows.

BUSINESS VOLUME WITH OFFSHORE UNIVERSITIES

1984 / 1985

Offshore Universities	Contract Value	Description
0B120 University of California & San Diego Scripps Marine Physical Lab, San Diego, CA 93152 U S A, 238	390	Fittings for rope, cable and chain (Scripp's deep tow cable termination sleeves.)

Offshore Universities	Contract Value	Description
19M90 University of California Ocean Research Div. Scripps Institute of Oceanography, La Jolla, CA 92093 U S A, 238	33,004	Laboratory services, commercial testing
9A802 University of Maryland Computer Science Centre, College PK, MD 20742 U S A, 238	937	Software suppliers, applications, scientific and engineering, computational/mathematic, EDP
3B576 University of Michigan Transport Research Institute 2901 Baxter Rd, Ann Arbor, MI 48109 2150 U S A, 238	2,620	Service bureau, facility/applications, interactive time sharing, EDP
2A141 University of Nebraska 105 Miller Hall, Lincoln, Nebraska 68583-0713, 238	3,000	Service bureau, facility/applications, interactive time sharing, EDP
2A141 University of Nebraska 105 Miller Hall Lincoln, Nebraska 68583-0713, 238	1,000	Service bureau, facility/applications, interactive time sharing, EDP
4C925 University of Oregon Computer Centre Eugene, OR 97403 U S A, 238	458	ADP software
OB889 University of Tulsa Information Services Div 600 S College Ave, Tulsa, OK 74104 U S A, 238	650	Service bureau, facility/applications, interactive time sharing, EDP
18N86 University of Washington 201 Administration Bldg, Seattle, WA 98195 U S A, 238	11,880	Science and Research
7C951 University of York Heslington Yorks Y015DD, England, 237	297	Miscellaneous Printed Matter

THE SENATE

OASIS DEMONSTRATION CHANGE OF TIME

The Hon. the Acting Speaker: I wish to advise those honourable senators who will be attending the Oasis demonstration this afternoon that the time of the demonstration has been moved up from 4 p.m. to 3 p.m. in Senator Bosa's office, Room 246-N.

BUSINESS OF THE SENATE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to raise a point of order with respect to Orders of the Day. I begin by stating that it is evident from reading Orders of the Day that there is no legislation before us today. A week ago today we met and we had the bill dealing with the Yukon, which we dealt with very quickly; and because there was no evidence of any further government legislation, we adopted an adjournment motion to meet again today.

At that time I was somewhat skeptical as to the probability of having any legislation before us today, because I had made inquiries in the House of Commons, and, having had some experience in that place, I thought it was unlikely that there would be any bills before us if, indeed, we did meet today.

However, the Deputy Leader of the Government in the Senate was good enough to check with his counterparts in the House of Commons and reported that it was expected that we would have Bill C-66 and possibly Bills C-46, C-47 and C-48. Of course, not only has none of these bills come to us, but none of them was called by the Leader of the Government in the House of Commons in the intervening period. In fact, the information conveyed by the government to the opposition in the House of Commons was that a totally different set of bills would be dealt with in that house, including the Excise Tax Bill, the Employment Equity Bill, the Canagrex Bill and the Employee-Employer Relations Bill that affects employees of the House of Commons. There is a very bad gap in the information with which the leadership of the government in the Senate is confronted.

I do not intend to complain that we do not have legislation, nor do I intend to accuse the government of negligence or lack of planning, because I know that frequently there are reasons why legislation is held up in the House of Commons. What I want to express is my dissatisfaction and the dissatisfaction of the members of the opposition that the Senate is asked to meet, with the Speaker in the Chair, so frequently when there is no government legislation before us. I believe that this situation is unsatisfactory and I believe that it reflects badly on the Senate. We have to take some steps to change this unsatisfactory situation.

I know that as a result of this chamber's decision to adjourn last week there was at least one unfavourable headline which stated that the Senate had risen after three hours' work. If we permit ourselves to have that misleading headline or similar headlines direct our conduct, then we will lose even more ground in public opinion than we have lost already. It is clear that, even though the Senate was not meeting with the Speaker in the Chair, there were a large number of committee meetings doing very effective work.

Senator Perrault: Hear, hear.

Senator MacEachen: Let me say that if we do not insist upon that reality then we will be faced with even more unfavourable headlines. I know that there are a number of inquiries standing in the names of individual senators on the order paper today. Presumably, if they had been urgent inquiries, if these subjects were clamouring for debate, these senators would have stood up much earlier than today and spoken to those items. The fact of the matter is that they have been stood frequently because, in the opinion of the senators in whose names they stand, they did not justify immediate discussion and could be postponed. I do not believe that a meeting of this body is justified solely to deal with inquiries which have been postponed so frequently. I believe that we have to do a much better job of pooling information with respect to the business that is likely to come to the Senate from the House of Commons. My information, as I have said, was totally different from the information that the government had and upon which it based its decision or its wish to have this chamber meet again today. That is one point.

● (1430)

The second point is that we must plan better. I must say, honourable senators, that I dislike the notion that the Senate should meet, with the Speaker in the Chair, to deal with a single bill, then adjourn and meet again when another bill finds its way from the House of Commons. I believe that we ought to meet, with the Speaker in the Chair, when we have a substantial block of bills; when we have a solid piece of work to do. I believe that, with some planning, we could lay out a schedule of sittings, with the Speaker in the Chair, to deal with legislation and, as required, with items that are of interest to individual senators.

In saying that, am I saying that the Senate will not be working? Not at all, because today, if the Senate had not met, with the Speaker in the Chair, a good many senators would have been able to reschedule their committee meetings and, at this very moment, they would be attending very useful and needed committee meetings.

Honourable senators, we talk about Senate reform but there are some things that we can do to improve our own operations, and one of them is to take a more realistic attitude towards the work of the Senate, understanding that its principal activities take place in the committees which are now busily at work and which remain busily at work, even though the Senate is not meeting, with the Speaker in the Chair.

Therefore, honourable senators, I am doing two things: The first is to express my general dissatisfaction with the situation that we have today, namely that there is no public legislation, no government business before the Senate. There will be a great deal of government business to be dealt with by the Senate in the future, with the Speaker in the Chair. However, instead of meeting in what I call ceremonial fashion, filing in and filing out, why don't we plan ahead and block out our work so that, when the Senate meets, with the Speaker in the Chair, we have a solid piece of work to do and that we do all of the debating on second reading and third reading? When the Speaker is not in the Chair, then we can intensify the work of the committees. That does not mean, honourable senators, that we are neglecting legislation because, in the committees, there is presently under way pre-study of government legislation. That work could be intensified and increased so that the

committees would attain even greater eminence than they presently enjoy.

Honourable senators, I raise this point of order gently today. I hope that we can consult about it and see whether it is possible to develop a work plan for the remainder of 1985 and 1986 that will permit us to deal expeditiously with government legislation; meet when that is required and, when we are not meeting with the Speaker in the Chair, we have a solid body of committee work to do that will justify calling the committees. By so doing, we will make a real contribution to the work of the country.

I can only say that, for myself, I find the present system thoroughly unsatisfactory. It offers no enticement to any legislator to be in this room today, called, presumably, to do public business, only to find that there is not a single piece of government legislation before us. I am not offering criticism as to why that is not the case. I am saying, why don't we do something to remove this recurring embarrassment and put the Senate on a better footing, not only in the eyes of the public but in our own eyes. Because let me tell you, honourable senators, if we do not have respect for our own operations and deal with them with respect, no one else will have much respect for them either.

Hon. Duff Roblin (Leader of the Government): I am sure my honourable friend would expect me to respond to his well-reasoned, and, I would almost say, eloquent argument but perhaps that is going a little far. His statement may be persuasive on the surface but I find some difficulty in accepting it in all of its glory.

With respect to what the Senate is supposed to be doing, I agree that it would be desirable to have a smooth flow of government legislation into this chamber. I recall only too well the view taken by the present Deputy Leader of the Opposition when he sat on this side of the house, explaining to some of us on that side why it was not always possible. He explained to us that, really, it is not the government that has the control of the flow of legislation from the House of Commons, as a rule, but the opposition. Therefore, when we try to forecast what legislation we will be getting from the House of Commons, we must take into account not only the intentions of the government but also we must form some judgment as to what the opposition will agree should be done. If the opposition does not agree that a bill should move as expeditiously as we would like, there is not a great deal that we can do about it. Senator Frith used to make this point with crystal clarity.

Senator Steuart: But he was defeated. Don't you remember?

Senator Roblin: He was not defeated. He is still there; I am looking at him and I hope he is still of the same frame of mind.

The bills that were referred to by my honourable friend, Bill C-55, Bill C-59, Bill C-64 and Bill C-66, are still at the report stage in the House of Commons. One would have expected—and indeed I did expect—that they would have moved through the report stage and be here now, but they are not. Needless to say, I make representations to my colleague, the Leader of the House of Commons, telling him that we are here to do business and we would be glad to have those bills. I also suggest to him that he should take advantage of the fact that the Senate is a good place to introduce some bills, particularly bills which do not have a high political content. Technical bills or bills that must have a great deal of consideration given to them could well be introduced into the Senate in the first instance so that we would have an opportunity to deal with them before the House of Commons does, and in that way, perhaps, reduce some of the traffic jam there and get on with things. I think I have made a persuasive case and I expect that, before long, we will receive some of those bills in this house.

[Senator MacEachen.]

However, honourable senators, we are here to do more than attend to the government business. We have the business of the Senate, and the business of the Senate is laid out in the several resolutions or inquiries that are on our order paper. As my honourable friend was at some pains to point out, they have not been dealt with very expeditiously. That is true. Some of them have been there for several months and some not so long. Some of them are not of great consequence, it is true, and it would not matter if they were left indefinitely on the order paper. But there are some that are of consequence, and it is not a case of not having business to do but rather of not being ready to do it, and if we have any regard for the reputation of the Senate, then surely we should have the incentive to get on with our own business.

I can think of several other issues with which the Senate might concern itself, that are ideally suited to be debated in this chamber, and which we are not at present undertaking. Perhaps I share some responsibility for that. Let me tell you, for example, that the report of the Economic Council of Canada on the Economy of the Nation is a document that is well suited to be debated by means of inquiry in this house, and I see no reason why that could not be brought forward. The Report of the Auditor General is no light document. I do not recall when it was last debated here, but surely the Report of the Auditor General is something that we might consider as a suitable subject for the Senate to discuss. If we are looking for further business, what about the report issued by the House of Commons on equality, which has raised a few eyebrows here and there? That might be another subject which we could consider. We could also look at certain papers with respect to corporate taxation. Why are we not looking at those papers? We often complain in the Senate that we receive bills from the House of Commons in an almost frozen state, and that it is difficult to make amendments. That is often true, but it seems to me that if we were to debate some of these issues before they got to the legislative stage, we might have an opportunity of making an impact on the legislation that eventually comes before us. So, there is work for the Senate to do if honourable senators wish to undertake that work.

• (1440)

Let us suppose that we do not; let us suppose that we carry on as we are now, with no government legislation, and decide that our own business does not require our attention this day. Should we meet or not? I think we should.

We have sat on 88 days since this Parliament first met on November 5 last year. That is not an excessive number of days for the Senate to have met. If we sit on a day like this when there is no government business to deal with, does that prevent the committees from undertaking their responsibilities as soon as the Senate adjourns? Not at all; that is the plan of action. We come to the chamber. Question Period is called. Then we have an opportunity to debate the issues which senators themselves have placed before the chamber, and then senators are free to attend committee meetings. It can be arranged for Senate committees to meet when the Senate adjourns or later in the afternoon. To think that we are losing good committee time is, perhaps, an exaggeration. I do not think we are.

Honourable senators, it seems to me that we should be cautious about adopting the suggestion made by my honourable friend. I hestitate to say this, but he is a newcomer to this chamber. He, perhaps, brings a refreshing point of view to some of our problems, that I do not deny, but I do know that for many years we have found the current procedure to be tolerable, even if some honourable senators have approved of it in a noisy way. At least it has been possible up to now to carry on our business that way, and I think it still is.

If the Senate wants to change the way in which it does business, it can do that; it is the master of its own fate. The government side in this house is in no position to say "Nay," because we know that the "Nays" will not carry because there are not enough of us.

But if it is seriously suggested by the Leader of the Opposition that he wants to reorganize the business of the Senate, he is at liberty to try to do so. I am not proposing that he should do that; I simply say that it is not just the Leader of the Government who has the say as to what goes on in this place. I have my opinion; my colleagues have their opinions, and we have no difficulty expressing them, and that goes for all honourable senators. If an honourable senator thinks that there is a better way of doing business, one better suited to the nature of this chamber, then there is nothing in the world to prevent the Senate from considering that.

I wish to warn you, however, that once we depart from this well-trodden— perhaps overly-familiar—path which we have followed for many years, one has to anticipate a number of difficult problems to solve. If we are to go to this idea of having a backlog of bills to be dealt with before we meet, obviously that raises questions that need to be considered. I do not say that they are insuperable, but they are certainly going to raise new issues. If there is an emergency piece of legislation, we will come back to deal with that. But if there is a handful of what we consider to be minor bills—which, while it may be our opinion, may not necessarily be the opinion of the House of Commons—and if we wait to get more bills, then the question of time allocation arises, because the members of the other place have to be satisfied that we are dealing with these matters in a way that will suit their notion of a proper and timely consideration of public business. We are not alone in this, we are one chamber of the legislature. While I do not suggest that we take our orders from the other place—and we do not—nevertheless, there are legitimate concerns which have to be carefully considered.

So, I conclude that it is not an imposition to ask this body to meet 88 days since November 5 of last year. It is not an imposition to meet if there is no government bill on the order paper, because there are other things we can do, and even if we decide that we are not going to do them, that does not impede the work of the committees because they can assume their functions when the Senate is not sitting. Indeed, in the event of an emergency, the committees can meet when the Senate is sitting. So, no committee work is impeded.

I put it to you, therefore, that the case for dramatic change in the way we do business is not proven. If it is the will of honourable senators that we operate in some other way, honourable senators know how to bring that about.

Hon. Douglas D. Everett: Honourable senators, the Leader of the Government levelled a point at the Leader of the Opposition stating that he was a "newcomer," and that he might not be aware of the traditions of the Senate. Well, honourable senators, I am not a "newcomer"; I have been here for 19 years. During that time, and here I am going back to when the late John Connolly was the Leader of the Government in the Senate, we sometimes adjourned for two or three weeks to the call of the Speaker of the Senate. We did not stay here when we did not have something important to debate or legislation to deal with; we adjourned for whatever period seemed to be advisable in the circumstances. As I said, we were at all times subject to the call of the Chair. Very often we would receive a telegram to tell us that the Senate was being recalled. The Senate would reconvene, sit for whatever time was necessary to do the work that needed to be done, and then adjourn again. It was efficient; it worked, and it created no problems

So, if we are looking for a precedent, that precedent is already there. It was not necessary then, nor is it necessary now to sit on an automatic three-day-a-week basis when there is no legislation to consider.

What developed at that time is rather interesting, because that is when the Senate experienced the remarkable growth of the committee system. The Senate Committee on Banking, Trade and Commerce, the Senate Committee on National Finance and the Senate Committee on Legal and Constitutional Affairs all became much more powerful and worthwhile committees then. That was the genesis of those committees' really dealing with subjects of interest to the public and doing work that the Senate does so well.

One of the problems of having a rotational meeting system is that there really is not time for all the committees to meet. For example, when I was chairman of the Standing Senate Committee on National Finance, that committee met every Tuesday afternoon. Now the Senate sits on Tuesday afternoon and we have been told that the committees can meet Tuesday evening. Well, it is difficult to get witnesses to come to an evening meeting. It can be done, but it is far more convenient for a committee to sit in the afternoon. In those weeks when

the Senate is not sitting it is evident that the committees still do their work; they still have a good attendance, and they are not interfered with by unnecessary sittings of the chamber itself.

When the Honourable Paul Martin became the Leader of the Government in the Senate he wanted the Senate to sit on a regular basis. Just like the Leader of the Government of today, he kept saying that we ought to have debates on all sorts of issues. Quite frankly, that did not work at all, and, in fact, interfered with the way the committee system operated.

When the Senate meets to deal with legislation, it can also deal with other subjects under debate and inquiries at the same time. But what happens in the Senate now, honourable senators? We get talking and dealing with issues—and people can be scheduled in as part of the debate—and the sitting, instead of going on for an hour, goes on for three or four hours. When we come here and have a debate on just one inquiry or on just one issue raised by a senator, I do not think we get much in the way of debating. The result is that we deal with one issue and then we close down for the day. And in the course of doing that, we have interfered with the scheduling of committees.

● (1450)

If you are conducting a serious study, as we used to in the National Finance Committee, and you are looking ahead perhaps three or four months, you want to know that you can schedule committee hearings without their being interfered with. If the Senate is sitting, then you have to schedule your meetings accordingly.

I really think there is every precedent for changing our approach. If there is no legislation, I think we should adjourn and concentrate on committee work. I do not think that we should become a debating society just because we want to sit every week. The important work of this body is done by its committees, and I think the committees work better when we are not sitting than when we are.

Some Hon. Senators: Hear, hear.

Hon. David A. Croll: Honourable senators, I am not a new boy in this chamber and I have listened to what everyone has said. It is my view that there is no substitute for the sitting of this chamber. We are here to sit, and to sit regularly. If there is not enough work to be done in the chamber, there is plenty of work to be done in our committees. However, I believe that committees are not the most important aspect of our work. It is the work of the chamber itself which has the power and the tradition. Certainly, our committees are doing much more work than they used to and some of it may deal with more important issues than was the case in the past. There is no reason why they cannot continue to do so. But it is our duty to be ready to deal with any matter on a moment's notice and I think that this house should be kept open under all circumstances.

I remember the days when we adjourned for two to three weeks at a time and we received terrible publicity. The press attacked us immediately. We can still adjourn the odd week when we have a heavy schedule of committee work, and that is understandable, but I do not think that we can afford to risk our rather weakened position in the eyes of a great number of Canadians to adjourn this chamber for two weeks to a month. I think it is our duty to sit regularly and also to make time available for committee meetings, thereby allowing us to discharge our obligation. I recall in the past adjourning for long periods of time and I found it most unsatisfactory. We did not feel that we were doing our duty and we certainly received adverse publicity in that regard. I am opposed to long adjournments of this chamber under any circumstances.

Some Hon. Senators: Hear, hear.

Hon. Hartland de M. Molson: Honourable senators, because the subject of procedure has been raised, which has brought forward some very interesting points of view, I think that it is time to bring up one other thought in connection with our procedure. A few years ago we introduced Question Period in this chamber and it was done for very valid reasons by the Standing Rules and Orders Committee which sought the advice and agreement of the chamber. I think it has served a very useful purpose, but those of us who have been here for any length of time have to recognize that Question Period has changed to a very marked degree. It was agreed that questions would be short and would deal with matters of immediate importance, and that there would be no preamble and no debate. That condition has not been honoured in this chamber for the past two or three years.

Since we are talking about reforming or improving our procedure, I would like to suggest to the chamber that perhaps we should have the Standing Rules and Orders Committee—I see that our chairman, Senator Molgat, is present—examine the rule that allows Question Period, to see if it can be strengthened in some way so that it may be more effective in its application.

I have observed that as it operates today, Question Period four times out of five produces debate. Some of the newly appointed senators are taking great liberty with it. They frequently say that they have a supplementary and then make another speech. This is not the purpose of Question Period. Since we are now discussing possible improvements in our procedure, I feel it is the part of wisdom to suggest that the Standing Rules and Orders Committee examine the rule governing Question Period with a view to making it operate as originally intended.

AGING

JUSTICE FOR THE ELDERLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Croll calling the attention of the Senate to justice for the elderly.—(*Honourable Senator MacDonald (Halifax)*).

Hon. Finlay MacDonald: Honourable senators, before participating, albeit briefly, in the reply to the inquiry of Senator

Croll of last June, I say to my colleague, Senator MacEachen, that I am conscious of the delay, but it was not due to any indifference on my part to the quality of the remarks that he made at that time. I have given some thought as to what I might say in reply and I have changed my mind several times.

Before I speak to the inquiry, I should say that in my first month or so in this chamber I indicated that while I knew over 50 per cent of the members of this chamber, some of my happiest associations and memories arose from meeting some of the senators that I had not known. One of my biggest thrills was in meeting for the first time Senator Croll whom I have heard about for so many years as a leader of a municipal government, as a member of the Ontario Legislature and as a distinguished member of this house.

Hon. Senators: Hear, hear.

Senator MacDonald: I consider him to be a great humanitarian and an inspiration to all of us who in age are not really that much younger than he is but who have regarded him as an idol and an inspiration in all matters of public life.

Those of you who remember Senator Croll's remarks will note that it was only in his first paragraph that he referred briefly to matters of the elderly, the poor and the unfortunate. He devoted only a paragraph to that. Before getting into those matters, he said, he wanted to say something about the responsibilities of the Senate and the methods of meeting those responsibilities. He deplored the fact that the Senate had been misunderstood. I think he used words "had been kicked around." He indicated that he did not think there was any constituency for the abolition of the Senate, but that there was a constituency for reforming it. It was then that he offered a solution by suggesting that it was about time we put the question directly to the people of Canada, clearly and comprehensively. He called for a national referendum—what he referred to as the "ultimate expression of democracy in action." The referendum question he suggested was:

• (1500)

> Do you favour amending the Constitution in order to provide for an elected Senate with an equal number of senators from each of the provinces and territories and with powers similar to those that it now possesses?

While I might share Senator Croll's frustration at the public lack of understanding of the work of the Senate or, indeed, the indifference with which the media may treat the affairs of the Senate, I submit, with respect, that we may have two problems here. The first was expressed in a question asked by Senator Gigantès at the close of Senator Croll's remarks. Senator Gigantès said that he, Senator Croll—

> —proposed a referendum but he also said that the press does not know what we do nor does it want to know what we do. One of the consequences of that is the public probably does not know what we do. How can we go to the public when it has been deliberately uninformed?

How, indeed?

The second matter which puzzled me was Senator Croll's use of the term "referendum." I realize that, although the differences between the terms "referendum" and "plebiscite" have not always been recognized in practice, because they have frequently been used as synonyms, technical differences between the two do exist. A referendum, as I understand it, is supposed to be a method of direct legislation by the people: a specific law either proposed or already enacted is presented to the electorate for ratification or rejection. A plebiscite, on the other hand, is not such a form of procedure. It is merely a device to ascertain the opinion of the electorate on a subject, but not involving any obligation on the legislative body to act upon it, as is, apparently, usual with a referendum.

Even though the referendum has never found its way into Canadian constitutional practice, there has been a number of cases where it has been resorted to or many cases where it has been advocated, as in the case of Senator Croll. It has been common practice in municipal governments in Canada to refer specific questions to the electors, particularly at election time and, mostly in the Canadian experience, involving matters concerning liquor control. However, between 1955 and 1965, no less than 168 Canadian communities held referenda—most called them "plebiscites"—on the issue of adding fluoride to water supplies.

It is clear, however, that the referendum is alien to the spirit of Canadian parliamentary government which is based on the principle that the representatives of the people have been elected in order to decide all questions affecting the well-being of the country.

At the national level, my research indicates that only two advisory plebiscites have been submitted to the public: in 1898 on the temperance issue; and in 1942 on the question of absolving the government from a former pledge not to introduce military conscription.

In the first instance concerning prohibition, the net majority in favour of prohibition was less than 14,000, of approximately 600,000 voters—44 per cent of those on the voters' list. Because of two factors, Sir Wilfrid Laurier did not believe that the pressure was considerable enough to warrant a federal prohibition law because, in the Province of Quebec, 122,000 voted against prohibition and only 28,000 in favour. Vive le Québec libre!

In the second federal plebiscite—and I say "plebiscite" because the Dominion Plebiscite Act of 1942 was passed in Parliament in order to permit this specific recourse—the question was, as many in this chamber will remember:

> Are you in favour of releasing the government from any obligation arising out of any past commitment restricting the methods of raising men for military service?

On counting the votes, it was found that 2,900,000 had said, "Yes," and 1,600,000 had said, "No." Again, Quebec was the only province where the majority voted in the negative.

In still searching for the specific employment of the term "referendum," the only clear example seems to have taken place in Newfoundland. The people of Newfoundland had an important question to decide on how they were going to be governed. Prime Minister Mackenzie King had said that,

should Newfoundlanders indicate clearly that they wanted Newfoundland to become a Canadian province, the government would be prepared to take the necessary steps. A referendum was requested by the Secretary of State for Commonwealth Relations. In the first referendum, "responsible government" led "confederation with Canada" by over 5,000 votes. This occurred, apparently, because there was a third choice on the ballot, which was a proposition for a government commission which was to last five years. In the second referendum, that option was eliminated and the concept of confederation with Canada gained a majority of approximately 7,000 votes, a margin of 2 per cent. Newfoundland became part of Canada.

A year or so later, I asked my old friend, Don Jamieson—who, I must say, I regret is not a member of this chamber—how those who had voted against confederation with Canada had accepted the so-called "bad news." He gave me the following analogy: He told me that he had an old racehorse in Corner Brook that would never get out of the starting gate unless the contents of the feed bag were mixed with a bottle of Demerara rum. I asked Mr. Jamieson if the horse had ever won a race, and he told me it had not, but that it was the happiest loser you ever saw.

Honourable senators, I wish to conclude these rambling remarks by saying that the principle of the right of the electorate to legislate either by referendum or plebiscite is really an American principle. It is alien to our parliamentary system of legislating through duly-elected representatives.

If Senator Croll feels that this is an unnecessary answer to his thoughtful remarks, I apologize. I sympathize with the comments he made and I share his frustrations. I just feel a little apprehensive about the solution he has suggested.

If I am still not clear on the perception between "plebiscites" and "referenda," and, if, indeed, they have any application to our parliamentary system, I hark back to some comments made by Senator Roblin the other day on quite another matter when he invoked an old British legal maxim which states: "If you don't know the answer to the question, then don't ask it."

Hon. Senators: Hear, hear.

• (1510)

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

Senator Croll: Honourable senators, when I spoke on this inquiry originally I said that I would speak to it again in concluding the debate. Therefore, I move the adjournment of the debate.

On motion of Senator Croll, debate adjourned.

BUSINESS OF THE SENATE

Leave having been given to revert to Notices of Inquiries:

Hon. Henry D. Hicks: Honourable senators, I am slightly embarrassed. My office has not sent down the written inquiry that I wanted to place on the order paper. I do not know whether honourable senators wish to accept a verbal notice of inquiry or whether we might best leave the matter until tomorrow. The difficulty is that I am going to Bermuda at the end of the week, and I do want to make my remarks on this matter before I leave.

Some Hon. Senators: Oh, oh!

Senator Hicks: I am going away on parliamentary business, honourable senators, so perhaps we will leave the matter until tomorrow.

Senator Roblin: We will be here tomorrow.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1430*)

ADDRESS BY THE RIGHT HONOURABLE BRIAN MULRONEY PRIME MINISTER OF CANADA TO THE UNITED NATIONS GENERAL ASSEMBLY NEW YORK ON WEDNESDAY, OCTOBER 23, 1985

[*Translation*]

Mr. President, I would like to speak with you today about people and nations working together.

History shows that the solitary pursuit of self-interest outside the framework of broader international co-operation is never enough to increase our freedom, safeguard our security, or improve our standard of living.

Since 1945, we have not had a world war. But we have lived for decades under the threat of an ultimate catastrophe, one which would unleash immeasurable forces of destruction. The same human genius which conquered outer space has also wrenched from nature the secret of devastation.

In our search to create, we discovered the ability to annihilate. Anxiety has become a fact of daily life. It can be seen in the arts; it permeates political activity; it alters social structure; it shapes mentalities.

How can we help but fear our adversaries, when they too are equipped with an inventive and lively intelligence, when they too have mastered the destructive power of the atom, and above all, when they are filled with the same fear that so preoccupies us—a fear exacerbated by the fact that the strong must also be wary of the anger of the weak. We have even gone so far as to institutionalize fear, to the point that peace itself is based on a balance of terror.

Can we blame the UN for having been unable to put an end to the vicious cycle of force and fear, of injustice and violence? In my view we cannot blame the UN for problems that have been caused essentially by self centered nationalism and our own failures. We must not make the UN a scapegoat for our inability to recognize and accept diversity in the world. We must not blame the UN for weaknesses that result from its being a mere human creation.

While the UN may seem powerless in the face of the circumstances that confront it, it is nevertheless all we have. The men and women who created this organization in 1945 hungered for peace and justice and were guided by high principle. They sought to create a global forum where they could voice their hopes and fears, their dreams and regrets.

In this organization nations have the opportunity to bring reason to their relations, to break the chain of violence, to defuse the lust for revenge, to voice their needs, and to affirm their dignity. And, in the end, to realize the extent to which they share membership in the same species.

In the end, we must always return to consideration of humanism. Humanism generates and shapes international consciousness, cultural development, economic development, and the respect for those values that form the basis of our perception of the world.

The UN was created by man, and is therefore fragile. For this reason, I do not believe that it is completely appropriate to talk about celebrating one particular anniversary of the UN; rather, we must celebrate its existence every day, for it is threatened every day, and it must be protected every day.

[*Text*]

Since 1945, we have all recognized the threat presented by catastrophic weapons of war. That threat goes beyond our individual concerns as peoples and nations. It commands the attention of all; it calls for urgent action by the entire international community.

Mr. President, forty years ago, the Charter called on the world "to save succeeding generations from the scourge of war". Today, we struggle to save life from nuclear apocalypse. We have some cause for hope. In their meeting next month in Geneva, President Reagan and Secretary General Gorbachev may set us on the road to a significant reduction in the arsenals of both sides. To diminish the spectre of annihilation, the superpowers must reach for an agreement—but the responsibility is not theirs alone.

All of us, through international forums and treaties, have a role to play in arms reduction. We must reinforce negotiations for verifiable disarmament accords on testing and weaponry, both conventional and nuclear. Individually and collectively, we must all do our part. Progress is possible. The recent successful review of the non-proliferation treaty gives credence to that.

Canadians recognize that there is no greater goal, no more compelling duty than the quest for peace. We shall not rest until our security can be assured without tens of thousands of nuclear weapons. Above all, we shall not rest until we have secured the future for our children.

Mr. President, forty years ago, the peoples of the world were united in the hope that human rights could become subject to universal standards. Forty years later, some countries apply these standards only in part, and a few—sadly—hardly at all. In this respect, South Africa stands alone.

Only one country has established colour as the hallmark of systematic inequality and repression. Only South Africa determines the fundamental human rights of individuals and groups within its society by this heinous method of classification. The institutionalized contempt for justice and dignity desecrates international standards of morality and arouses universal revulsion. That is why, at our meeting in Nassau just concluded, Commonwealth Leaders agreed on a course of common action against South Africa.

And the crescendo of pressure is having an impact. Already, the opposition of the business community to apartheid is unprecedented. The combination of internal dissent and external condemnation is obviously taking its toll on the government. The Mandelas, the Tutus, the Boesaks will one day prevail.

It is our hope—and it must surely be the hope of all—that bloodshed and violence will cease in the transition to a free and democratic society. It is our hope—as it must surely be the hope of all—that the Republic of South Africa will come to its senses before it is completely engulfed by the shockwaves of violence.

My Government has said to Canadians that if there are not fundamental changes in South Africa, we are prepared to invoke total sanction against the country and its repressive regime. If there is no progress in the dismantling of apartheid, our relations with South Africa may have to be severed absolutely.

[*Translation*]

Our purpose is not to punish or penalize, but to hasten peaceful change. We do not aim on conflict but at reconciliation—within South Africa and between South Africa and its neighbours.

The way of dialogue starts with the repudiation of apartheid. It ends with the full and equal participation of all South Africans in the governing of their country. It leads toward peace.

If it is not accepted, the course of sanctions will surely be further pursued. Canada is ready, if there are not fundamental changes in South Africa, to invoke total sanctions against that country and its repressive regime. More than that, if there is no progress in the dismantling of apartheid, relations with South Africa may have to be severed absolutely.

[*Text*]

Mr. President, forty years ago, emerging from the ruins of global conflict, the world was in economic upheaval. Today, though we have made enormous gains, hundreds of millions are caught in desperate economic circumstances.

Over the last several weeks, from this dais, heads of state, heads of government and foreign ministers have eloquently described their circumstances, ranging from crippling burdens of debt and blighted prospects on the one hand, to the menace of protectionism on the other.

Canada is pressing, urgently, for a new round of multilateral trade negotiations. We are seeking to liberalize further our own trading relationships with our largest partner, the United States of America. We are working actively to strengthen the capacity of international financial institutions to ease the paralysing burden of Third World debt and permit resumed growth. We are increasing our aid.

The international mobilization and delivery of aid show dramatically what immense good can be done when governments and citizens together recognize crises and act with concerted determination aided by organizations such as the UN and its agencies. If, collectively, we have managed to save whole populations from starvation—and we have—then surely in the same spirit we can improve our performance in easing the international economic predicament.

Mr. President, forty years ago, there was another blight upon this earth that took an incalculable toll of human life: remorseless epidemics of disease. Over the intervening decades, we have made huge strides in discovering cures and in combatting those diseases. Today we stand on the threshold of another dramatic breakthrough.

UNICEF and the World Health Organization have set 1990 as the target for world-wide, universal immunization. If the target is reached, the lives of as many as five million infants and children will be saved every year. We have eradicated smallpox; through universal immunization, we must now do the same with diptheria, measles, polio, tetanus and whooping cough.

Universal immunization is an astonishingly efficient health investment. On the eve of the Commonwealth Conference last week in Nassau, I confirmed Canada's commitment to this goal and announced a significant increase to Canada's international health care efforts. Canada will continue to collaborate with UNICEF and the World Health Organization as they coordinate this inspiring campaign. For us, the goal of mass immunization exemplifies, in large measure, what the United Nations is all about.

Finally, Mr. President, recent events compel me to address the scourge of international terrorism. By and large, Canada has been spared the ravages of terrorism. Today, this is no longer the case—we too have experienced its pain.

No one nation alone can combat terrorism; it demands concerted international action. We must exchange information, there must be nation-to-nation understandings, and we must have international conventions. Those who murder and maim innocent people, those who bring anarchy to civilized society can have no sanctuary, no comfort, no indulgence.

Canada joins with countries around the world in the search for a determined and effective response. We urge all states to support such practical measures as counter-terrorist conventions and the ICAO's drive to strengthen the security of international air travel.

Mr. President, Canada esteems the United Nations, its record and its potential. Our commitment to the principles of the Charter and to international co-operation is no fashionable pose. For four decades, it has been a motive force in our foreign policy. Time and again, on critical occasions Canada has offered its troops for UN-sponsored peace-keeping roles around the globe.

Canadians are united in one simple conviction: to better the human condition and to achieve international peace and security, nations acting together can always do much more than nations acting apart.

To be sure, we recognize the imperfections, deficiencies and limitations of the United Nations. That is why we work so hard to improve its functioning; that is why we so strongly support the Secretary-General as he strives to reform it from within. But all said and done, Mr. President, we must surely agree with the Secretary-General that where the United Nations is weak, it is almost always due to failure of political will.

That kind of failure is not easily reformed. It will change only when sovereign states realize that the principles of the Charter are the signposts that can lead us all towards mutual respect, collective security and lasting peace. Living by these principles offers the best hope for us all. To the fulfillment of these noble and timeless principles, Canada today renews its pledge of loyalty and support.

THE SENATE

Wednesday, November 6, 1985

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

Prayers.

BANKING, TRADE AND COMMERCE

TELEVISING OF COMMITTEE PROCEEDINGS

Hon. Lowell Murray: Honourable senators, with the indulgence of the house, I would like to make a brief report on behalf of the Standing Senate Committee on Banking, Trade and Commerce.

Last evening, after the house adjourned, I returned to my office to find a letter from the Canadian Broadcasting Corporation requesting the right to televise for broadcast the proceedings of the Banking, Trade and Commerce Committee.

Hon. Royce Frith (Deputy Leader of the Opposition): What order of business are we dealing with now?

Senator Murray: Reports of committees. On the basis of some research that I asked to be done over the supper hour, I am satisfied that in the several precedents that exist, it is the Senate, this body, that has exercised the right to grant or to withhold that kind of permission.

Last night I convened a meeting to seek the views of the members of the committee on the matter, and after some discussion the committee instructed me to seek leave of the Senate today to present a motion to permit the televised broadcasting of our proceedings on Bill C-79.

I may say in passing that the Canadian Broadcasting Corporation, which made the request, indicated an interest in beginning their broadcast coverage of the proceedings as early as this evening, when we will have as our witness Mr. Gerald Bouey, the Governor of the Bank of Canada.

The committee also instructed me, on its behalf, to satisfy myself that parliamentary customs in respect of broadcasting would be respected, that what I might call the spirit of the electronic *Hansard* would be respected by the broadcasters. I have entered into some discussions with the CBC on this matter and I am satisfied, on the basis of verbal and written assurances which they have given me, that it is their intention, if permission is granted, to respect the spirit of the electronic *Hansard* concept in the committee.

There is one other matter, however, that I should bring to the attention of the Senate. The request has been made by the CBC. I think senators would agree that any permission we give to one network would have to be given to all networks. This raises the question of whether the Senate would contemplate seeing not one but, rather, two or three, or, in the extreme, as many as five or six cameras in the committee room; or, alternatively, whether we could arrange some kind of what is called a pool arrangement. This, I am informed, would be possible, but would create some difficulties, at least in the early going, because there would be a considerable amount of equipment, not in the committee room, but in the corridors outside. That is my report to the Senate of the instructions that have been given to me by the committee and of my conversations today with the representative from the CBC. I rise simply to inform the Senate that at the appropriate time—that is, when Notices of Motions are called—I will, pursuant to instructions the committee has given me, ask for leave to present the motion to permit the televised broadcasting of the committee's proceedings.

STANDING RULES AND ORDERS

FOURTH REPORT OF STANDING COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Gildas L. Molgat: Honourable senators, I have the honour to present the Fourth Report of the Standing Committee on Standing Rules and Orders respecting changes to the Royal Assent ceremony. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see Appendix "A" p. 1469.*)

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

Senator Molgat: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

FIFTH REPORT OF STANDING COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Gildas L. Molgat: Honourable senators, I have the honour to present the Fifth Report of the Standing Committee on Standing Rules and Orders respecting the use of male and female genders in the rules of the Senate. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see Appendix "B" p. 1470.*)

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

Senator Molgat: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

SIXTH REPORT OF STANDING COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Gildas L. Molgat: Honourable senators, I have the pleasure to present the Sixth Report of the Standing Committee on Standing Rules and Orders respecting responses of the government to committee reports. I ask that the report be printed as an Appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see Appendix "C" p. 1475.*)

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

Senator Molgat: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

[*Translation*]

THE HONOURABLE RICHARD B. HATFIELD

FIFTEENTH ANNIVERSARY OF BECOMING PREMIER OF NEW BRUNSWICK—NOTICE OF ENQUIRY

Hon. Jean-Maurice Simard: Honourable senators, I give notice that on Wednesday next, November 20, 1985, I will call the attention of the Senate to the Honourable Richard B. Hatfield's fifteenth anniversary as Premier of New Brunswick.

[*English*]

BANKING, TRADE AND COMMERCE

NOTICE OF MOTION TO PERMIT TELEVISING OF COMMITTEE'S PROCEEDINGS

Hon. Lowell Murray: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Senate do empower the Standing Senate Committee on Banking, Trade and Commerce to permit televised broadcasting of its public proceedings on the subject-matter of the Bill C-79, intituled: "An Act respecting the provision of compensation to depositors of Canadian Commercial Bank, CCB Mortgage Investment Corporation and Northland Bank in respect of uninsured deposits."

The Hon. the Speaker: Honourable senators, is leave granted?

Some Hon. Senators: Agreed.

Hon. William M. Kelly: Honourable senators, I ask that leave not be granted.

Senator Murray: That being the case, honourable senators, and Senator Kelly having availed himself of his undoubted right to withhold leave, I think the committee would expect me to give notice that tomorrow, Thursday, November 7, 1985, I will move:

> That the Senate do empower the Standing Senate Committee on Banking, Trade and Commerce to permit televised broadcasting of its public proceedings on the subject-matter of the Bill C-79, intituled: "An Act respecting the provision of compensation to depositors of Canadian Commercial Bank, CCB Mortgage Investment Corporation and Northland Bank in respect of uninsured deposits."

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on a point of order, the question of whether or not leave is necessary for this motion, it seems to me, turns on whether it is a motion for an instruction to a committee under rule 45(1)(e), the rule the mover of the motion referred to when asking for leave. If it is such a motion—that is, an instruction to a committee—then it would clearly fall under rule 45 and would require one day's notice. But, the motion does not instruct the committee; it asks that the Senate empower the committee to do something and therefore that might be considered a formal matter under rule 46, not requiring any notice.

The Hon. the Speaker: Senator Argue?

Hon. Hazen Argue: Honourable senators, I move, seconded by the Honourable Senator Austin, that the Senate do adjourn—

Senator Frith: I take it that the ruling has been made that Senator Murray's motion does fall under rule 45 and not under rule 46. Otherwise, if there is no ruling on it, the point of order will be left dangling.

Hon. Gildas L. Molgat: Honourable senators, would it be in order for me to suggest that we give some time to the Speaker to consider this matter and perhaps he can report later this day?

Senator Frith: Agreed.

Hon. Duff Roblin (Leader of the Government): Honourable senators, if we are to consider the point of order that has been raised by the Honourable the Deputy Leader of the Opposition, then we are all afforded the opportunity to help the Speaker make his decision in this respect.

My honourable friend, as I understood from listening to him, did not express an opinion as to what the correct rule should be.

• (1410)

I should like to offer my opinion that rule 45(1)(e) is the rule that applies because that, indeed, is an instruction to a committee. I believe that that is the rule that governs.

Having said that, I leave it to His Honour to decide the point.

Senator Frith: Honourable senators, in fairness, and in the same spirit as Senator Roblin offered his advice, I should point out that the difficulty in deciding that it falls under rule 46(s) is that that rule states:

other motions of a merely formal—

One might get away with calling it "merely formal":

—or uncontentious character.

I suppose the very fact that leave is refused indicates that it is contentious, but that, still, is a judgment after the fact.

AGRICULTURE

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ASSISTANCE PROGRAMS—MOTION TO ADJOURN UNDER RULE 46(g) TO CONSIDER MATTER OF URGENT PUBLIC IMPORTANCE

Hon. Hazen Argue: Honourable senators, I move, seconded by the Honourable Senator Austin, P.C.:

> That the Senate do adjourn for the purpose of discussing a matter of urgent public importance, namely: the failure of the Government to announce its drought assistance programs and the necessity to immediately announce a program of aid to farmers in the drought area of Manitoba, Saskatchewan, Alberta and British Columbia in response to the urgent demand of farm organizations for the payment of $50 per seeded acre and $100 per cow.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Argue, P.C., seconded by the Honourable Senator Austin, P.C., pursuant to rule 46(g):

> That the Senate do adjourn for the purpose of discussing a matter of urgent public importance, namely: the failure of the Government to announce its drought assistance programs and the necessity to immediately announce a program of aid to farmers in the drought area of Manitoba, Saskatchewan, Alberta and British Columbia in response to the urgent demand of farm organizations for the payment of $50 per seeded acre and $100 per cow.

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

Hon. Duff Roblin (Leader of the Government): Honourable senators, on a point of order because I think there is a point of order that needs to be considered on this particular issue, I have no objection to my honourable friend making any speech he wishes to make. I realize my chances of stopping him are not very good anyway, so I might as well concede the point graciously. But I think it is important for us to know under what rule we are operating when my honourable friend brings in a motion of this kind.

What has long troubled parliamentarians with motions of this kind is the definition of "urgency". The rule that is universally followed is that it must be urgent enough to deal with the matter at the particular point in time at which it is raised. It is not a question as to whether or not the subject matter is urgent, because those are a dime a dozen. There are all kinds of items the subject matter of which is regarded as being urgent. The question is: Is it urgent that the matter be discussed at this particular moment, so urgent that we should set aside all of the business that we have before us in order to deal with it?

Hon. Royce Frith (Deputy Leader of the Opposition): What business is that?

Senator Roblin: The order that stands in the name of the Honourable the Leader of the Opposition, and which has been there for weeks, with respect to Canada's position on the SDI, could be considered a matter of urgency, if my honourable friend wishes to stretch his mind that far.

So, I think there is business before the Senate, and the question, then, is whether it is urgent to debate this matter at this particular moment.

If it is not that kind of a resolution, then my honourable friend can give notice that he intends to debate the matter and we will do so tomorrow or on the next sitting day.

So, I think that we ought to ask the Speaker to decide on the meaning of the word "urgent". We admit that it is an urgent subject, but the question is: Is it so urgent that the urgency warrants or calls for the making of the speech at this particular moment? If the Speaker should rule that it is in order—I think it is not—then I suggest there is another consideration. It is usual in most assemblies where it is contemplated to propose measures of this sort that the mover gives somebody notice that he intends to do this. I am not sure whether my honourable friend gave notice to the Speaker that he intended to move this motion. If he did not, I think it would have been wiser if he had done so, because it puts the Speaker in the awkward position of having to deal with it as a point of order when somebody like myself raises it here. I presume that he did advise the Speaker.

Senator Argue: He did not advise the Speaker.

Senator Roblin: Well, we see that that is the case. The usual policy is to provide whoever is expected to reply on the other side with a copy of the resolution. My honourable friend was kind enough to come over before the session started to tell me that he intended to do this, but I can hardly be expected, and none of my colleagues can be expected, to reply to the substance of a motion which we have not even read. It is customary, and, I think, appropriate in assemblies of this kind, first of all, to notify the Speaker so that he may consider the point of order and, secondly, to let those on the other side have a copy of the resolution so they will know what particular subject they are expected to deal with and can, if necessary, put their thoughts in order. I do not expect any lengthy notice and I am not likely to get it, but I think that making available a copy of the resolution would be in order.

Therefore, I ask the Speaker to take into consideration whether or not this motion is within the ambit of our rules; if it is we will proceed with it accordingly; otherwise, my honourable friend can take the other course that is open to him and deal with it as an inquiry for the house.

Senator Frith: Honourable senators, speaking to the point of order and not to the motion itself, it seems to me there is something circuitous in what Senator Roblin has said. He says that the first question to decide is whether it is an urgent matter, and then, if it is an urgent matter, to consider the question of notice. Rule 46 provides that no notice is required in the case of an urgent motion, so it seems to me there is only one question to consider, namely, whether it is urgent or not, which brings us to the question of who decides whether it is urgent or not. I do not have a specific precedent. It may be in order for the Speaker to make a recommendation to the Senate as to whether it is urgent or not, but, of course, it is up to the Senate to decide finally whether it considers it an urgent matter or not. As with other rulings by the Speaker and also particularly with reference to a rule that is quite clear, rule 46 states:

> No notice is required—
>
> —of a motion—
>
> (g) for the adjournment of the Senate for the purposes of raising a matter of urgent public importance—

If the Senate decides that it is a matter of urgent public importance, then no notice is required. It goes on to state:

> —(which the mover shall state on rising to speak) before the House proceeds to the Orders of the Day;—

Therefore, everything is regular because Senator Argue has made the motion prior to the Orders of the Day. Once the Senate decides whether it is urgent or not, there is no further decision to be made about notice because the rules are very clear in that they provide that for such a matter no notice is required. If we are now going to debate whether or not it is urgent, then I suggest that the mover of the motion should be given an opportunity to tell us why it is urgent.

Senator Roblin: May I clarify a point, because Senator Frith picked up on something that I really did not intend to say? I do not think I said that notice was required. Notice is not required. I am simply saying that as a matter of convenience it is usual in some assemblies to let the Speaker and the government know that the motion is proposed because, first of all, not to do so makes it difficult for the Speaker to make a ruling when it is asked for and, secondly, it gives members of the other side of the house who may want to reply to the speech some opportunity to get their thoughts in order. I cannot make the claim that notice, in the sense stated by my honourable friend, is required.

● (1420)

Hon. H. A. Olson: Honourable senators, speaking to the point of order that has been raised by the Leader of the Government, I think he knows—and, certainly, there are dozens of precedents which can be cited, although I do not have the books before me in this matter—adjourning the Senate to debate a matter of urgent public business does not, in fact, attempt to define what is "urgent public business" and what is not.

Whether or not there is urgency for debate is the question before the chamber now. Therefore, I think it is necessary to attempt to persuade your honour and honourable senators, if it goes to a point where the Senate itself decides, that this is in order, that the drought assistance program for farmers in western Canada is urgent.

As a matter of fact, I am sure that having listened to the Question Period over the last few weeks in this chamber, the Leader of the Government has acknowledged that there is an urgent, almost desperate, economic situation facing some of those farmers. There is no question about that, and I do not think the government is challenging that in any way.

We then move to this question of urgency of debate. Honourable senators, it is clear that we have been asking the government at least once a week, and usually more often, ever since the Senate reconvened in September to make an announcement about this matter. Even as late as yesterday, we were told that they expect to make an announcement soon.

Honourable senators, that is exactly the same answer we got five or six weeks ago. If people do not understand how urgent it is for the people involved to have some knowledge, after all this time has passed, of what their economic situation is going to be, then, of course, they just do not understand what it means to go without income, without the prospect of income, and not knowing what program may be set up for the entire year, as is the case for some of these farmers.

It is true that some programs have been announced by some provincial governments, but this federal government has constantly promised that a program will be announced soon. I know Senator Argue and I have asked the Leader of the Government on a number of occasions, "What does 'soon' mean?" That is why there is urgency of debate—to try to impress upon the government that these people are waiting and waiting and we are not getting any answers.

I admit that it is probably not the fault of the Leader of the Government that he is unable to make an announcement. I think he almost made an announcement yesterday and perhaps a week ago as well, because there was an indication that the government had considered the matter and, indeed, that cabinet had considered it. But they do not come forward with an announcement. They do not tell the people who are so urgently and desperately affected by this drought what the government program is going to be.

Therefore, I argue that the urgency of the debate arises because the fact that we cannot get answers from the government is well established. We need not mention any outside arguments; what has taken place on the floor of this chamber, I submit, raises the matter of urgency of debate.

I would, therefore, hope that Your Honour and honourable senators, as well, will take all of that into account and allow Senator Argue to go forward with his debate and that he will be supported by senators on both sides of this chamber because of the reasons that are well known and have been expressed here over and over again during Question Period for more than six weeks now.

Senator Argue: Honourable senators, on the point of order, this provision for a motion for the adjournment of the Senate

to discuss a question of urgent public importance is, as Senator Roblin has said, a well established rule. I have had the opportunity and the privilege on many occasions in the House of Commons to move the adjournment of that chamber to discuss a question of urgent public importance. The idea of sending a notice around to His Honour and to other honourable senators is not required by the rules, as Senator Roblin has agreed. In those days, in the other place, we may not have been as courteous as we should have been. We learn a little about courtesy in the Senate. I was, I suppose, accustomed to the practice of not disclosing something that was to be put forward as being urgent by giving everyone notice in advance. That practice may be changed, however.

I believe that it is completely clear that under our rules this kind of motion is entirely in order. It has been used in this chamber before. I have in my hand the Senate *Hansard* of March 7, 1978, when our distinguished colleague, Senator Molgat, made use of this motion—even in those days the rule was 46(g)—to discuss matters of urgent public importance: the strike of beef producers in Saskatchewan and Manitoba, the subsequent drastic reduction in cattle marketing, the layoff of employees in auction houses and in packing houses and the need for action to establish confidence amongst beef producers. At that time, the regular objections that one might expect to be made were made. After considerable discussion, however, the motion was ruled in order and the debate continued.

Senator Roblin, in my view, was really grasping at straws when he said that there are urgent matters on the order paper. We have to discuss Star Wars—I am sure that President Reagan is waiting for us to discuss the SDI. It is suggested that we had better hurry up and talk about it or the world will not unfold as President Reagan would like it to unfold. Well, that is not okay with me. As far as I am concerned, that is a matter of no urgency at all.

In any event, the motion I am proposing is that the Senate adjourn for the purpose of discussing the drought situation in our country. The urgent need for action is even greater today, in my judgment, than it was when the problem was first discussed. Farmers are going bankrupt. There is family stress which in some cases has ultimately led to suicide, as has been reported from time to time. It is alleged that this stress has to do with financial problems arising from very low income. It is high time that this matter was dealt with. The government has had in its possession for weeks a report prepared by Len Gustafson, and now is the time that it should be taken seriously and acted upon. I can think of nothing at this time that is more urgent than this debate, which seeks action from this very slow government. I hope that His Honour will have no hesitation in ruling this motion in order. I think honourable senators will agree that it is in order and that it is a proper way for the Senate to operate.

Hon. Gildas L. Molgat: Honourable Senators, I rise on the same point of order. Senator Argue has referred to a previous debate where I had moved such a motion, which debate took place on March 7, 1978. There was a subsequent case shortly after that when another motion was moved under the same rule. This motion was made by the Honourable Senator Phillips, seconded by none other than our present Deputy Speaker, the Honourable Senator Asselin. I have checked the record.

[Senator Argue.]

Senator Asselin: When was that?

Senator Molgat: That was on April 7, 1978. The record indicates—and this is certainly my recollection—that the Speaker is not involved in making a decision in that regard in this house.

Some Hon. Senators: Hear, hear!

Senator Molgat: I have had the opportunity to discuss this matter of urgent public importance on many occasions, at another time and in another place, with the present Leader of the Government in the Senate; and certainly the rules under which we operated in the Legislature of Manitoba when we discussed it were in accord with what he was saying today. The custom was that the motion was presented to the Speaker beforehand; the Speaker ruled whether or not it was in order, and it was then referred to the house.

• (1430)

But our rules are not the same as those rules, and it is not the same situation. If honourable senators read the two debates to which I referred, they will find that the sole action of the Speaker was to ask the Senate, "Is it your pleasure, honourable senators, to adopt the motion?" The honourable senators then decided whether or not they wanted to adopt the motion and to proceed with the debate. In the case of the motion by Senator Phillips, there was a lengthy discussion, and the Speaker did not get involved again until the very end of the discussion. He asked:

> Honourable senators, is it agreed that a debate should take place at this time on Senator Phillips' motion?

Some honourable senators said "Yes", and some honourable senators said "No". There was a vote, and the Speaker then said:

> In my opinion the nays have it, but it is up to the honourable senators to decide.

So if the precedent means anything, the role of the Speaker in this regard is to ask honourable senators whether or not they wish to have a debate.

Some Hon. Senators: Hear, hear.

The Hon. the Speaker: Honourable senators, I shall repeat the motion as moved by the Honourable Senator Argue, P.C., seconded by the Honourable Senator Austin, P.C., pursuant to rule 46(g):

> That the Senate do adjourn for the purpose of discussing a matter of urgent public importance, namely: the failure of the Government to announce its drought assistance programs and the necessity to immediately announce a program of aid to farmers in the drought area of Manitoba, Saskatchewan, Alberta and British Columbia in response to the urgent demand of farm organizations for the payment of $50 per seeded acre and $100 per cow.

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

Some Hon. Senators: Agreed.

Senator Frith: Do I understand that what we are being asked is whether we agree to debate it?

Senator Argue: If I may say so, I think the Speaker is proceeding in a proper fashion. He is putting the motion. He must consider it to be in order, otherwise he would not put the motion. We do not need an extra point of order.

Senator Frith: The point is that in the House of Commons, under their standing order, the Speaker, as Senator Molgat has pointed out, actually makes a ruling as to whether or not it is in order; and the question as to whether or not to debate it is then referred to the house. As Senator Molgat pointed out, our precedents indicate that the Speaker should simply say, "Is it your pleasure, honourable senators, to debate the motion?" I just wanted to be sure that we follow those precedents.

Senator Argue: I thought that we were getting along nicely. Honourable senators, I make no apologies for having brought forward this motion. I believe there is a disaster in western Canada. I believe it is a grave economic emergency. It certainly has not been dealt with, because there has been no announcement at all on aid to the grain producers. There has been an inadequate announcement, with some inadequate provisions, so far as the beef producers are concerned.

I want to explain that I have included Manitoba because while it is not really a drought province this year, it is my information that there are a few patches of drought in that province. Sometimes we get into trouble by not including British Columbia, because there is a very substantial region in the Peace River that, I believe, suffered a very major drought this year.

Senator Roblin: Honourable senators, please give my colleague the opportunity to state his case, in a way that others, who, like myself, are interested in what he has to say, can hear it.

Senator Argue: Well, it is great to have friends. You never know where they may show up. I thank Senator Roblin for his contribution. Many people have now been involved for many months in this debate concerning the necessity for government action. It became clear in early July that vast areas of western Canada were facing a very major crop disaster. This was further aggravated by a grasshopper infestation. It was the worst crop failure and the worst grasshopper infestation since 1937. Aggravating the drought disaster was the fact that the grasshoppers were there, and farmers spent thousands upon thousands of dollars on spray in an effort to control the grasshoppers. They went further and further into debt, and eventually accomplished very little indeed.

I want to make it perfectly clear that this is a disaster not only for farmers. It is a disaster for every business person and every community within the affected area, because purchasing power has been drying up. The agricultural economy, and particularly the western agricultural economy is of sufficient importance to Canada that if we looked at the situation strictly from an economic point of view, the economic consequences that flow from the crop failure and the grasshopper infestation is such as to warrant major action by the Canadian government.

Asking the government to act was an exercise in which virtually every farm organization took part. Certainly every political party took part; and when we were on platforms together, talking about the drought and what action should be taken, while there was a different emphasis depending on the different speakers, every single person on the platform—including representatives of the New Democratic Party, the Liberal Party, and also cabinet ministers from the Saskatchewan government—acknowledged that there was a major economic disaster. And when the crowds proposed payments of $50 per seeded acre and $100 per cow, I say without fear of contradiction that there was not one single person, not one single cabinet minister from Saskatchewan, nor any other political figure, who said that the request was too much and should be scaled down—not one. They said "It is a disaster. We think action should be taken. We are looking at the proposals."

Mr. Len Gustafson, the member of Parliament for Assiniboia and Parliamentary Secretary to the Prime Minister, has headed up a task force within the government bureaucracy, together with representatives from provincial governments, to bring forward a program. At every meeting he said that that was being done and that action would be taken. Every time he spoke he said, "I am in daily contact with the Prime Minister." I thought, by gosh, he does better than some of us used to be able to do in days gone by. He did not say that he was in daily contact with the Prime Minister's Office, but that he was in daily contact with the Prime Minister. So the sympathy was really oozing. I know that Mr. Gustafson is sincere and that he is trying hard; but apparently the recommendations are now beginning to fall on deaf ears. Apparently the government think that if they just procrastinate, postpone and delay, then somehow or other the pressure out there for action will go away.

I say that that is not the way it is at all. As we go into winter—and the cost of fuel bills for farmers will be high during the cold weather—and when spring arrives and the bills to put in a new crop are high, the pressure will become greater and greater, and will continue getting greater until action is taken.

The situation out there attracted to Saskatchewan some pretty important political personalities. Mr. Broadbent, Leader of the New Democratic Party came out and spoke in front of the legislature. Dr. Maurice Foster, the honourable member for Algoma and the agriculture critic for the Opposition in the House of Commons has been exceedingly active in promoting the interests of western agriculture and bringing the drought to the attention of the government and of the country. The honourable member for Laval-des-Rapides, Mr. Raymond Garneau and some of his colleagues in Parliament will be conducting a task force, I believe, this coming week, first in

Manitoba then Saskatchewan and Alberta, to hear what the people have to say—

● (1440)

Senator Austin: Also in British Columbia.

Senator Argue: And in B.C. as well, to hear what people have to say about agricultural questions and, I am certain, about other economic questions. The Leader of the Opposition, a Member of Parliament from western Canada, went out to the west, to Saskatchewan in particular, a few weeks ago and put forward an agricultural program which includes, among other things, support for these demands to which I have alluded. He asked for amendments to the Income Tax Act to assist livestock producers and so on. I think he made a very important, indeed a major contribution by going to western Canada and putting forth concrete proposals for action to deal with the economic crisis there.

People ask, "How serious is it out there?" One could use all kinds of figures and put forward all kinds of witnesses, but the Saskatchewan Wheat Pool says that in their judgment there is need in Saskatchewan for an immediate infusion of cash to the amount of $500 million. That is a lot of money. However, I suppose if you attend a Banking, Trade and Commerce Committee meeting you would consider it to be a manageable or moderate amount of money in relation to some of the other costs that go with this government's handling of the banking situation. Mr. Avery Sahl, vice-president, is quoted as saying:

> Even $50 dollars an acre will barely be enough to help the most drastically affected survive, particularly producers who spent thousands of dollars fighting grasshoppers this summer—
>
> Some farm families are literally destitute in our part of the province.

He lives in southern Saskatchewan. He went on to say:

> Others are not far behind, and the communities which rely on agriculture are severely strained.
>
> In a major portion of the province, the whole rural economy is bordering on collapse.

That is pretty extravagant language, but you have to know just how serious the situation is to know that what he said, in fact, describes conditions as they really are. What can be done about it? What we need, and I hope that it comes into effect this session, is permanent disaster legislation. We need an immediate infusion of money; we need action now; and we need a system so that people in agriculture will know where they stand in times of disaster. For that we will have to have legislation in place to meet such disasters.

I could go on and detail certain things that should be done. Some people say, "Well, the Western Grain Stabilization Act will fix things up." However, another reference I shall refer to later indicates that whatever money they may pay out—perhaps it will be as high as $200 million—it will not really change the basic situation. The sad part is that because of the way the Western Grain Stablization Act is structured, farmers who have had poor crops in recent years have paid smaller amounts of money because of the consequent lower yields, and thus they will receive a lower payment under the WGSA, even though they may need it more than others.

Crop insurance for farmers who have had a series of crop failures is rolled back from a maximum coverage of 70 per cent average yield to a low of 49 per cent. That is something that should be changed. Crop insurance, while helpful, covers, as a maximum, only 70 per cent of the statistical average yield. For many farmers that is much lower than their own average yield, and for farmers who need it most the coverage has been reduced to as little as 49 per cent.

In my province farmers with no available income have applied for payments under the Canada Assistance Plan and under the Saskatchewan Assistance Plan. It seems to me that that policy and those programs should be applied with the same rules applicable in rural Canada as are applicable in urban Canada. In the cities, payments depend upon the income one has to cover family living expenses. On the farms the rules are different. They say to one who applies in 1985, "Use your 1984 income." Of course, the reply is, "But it is spent." If one does not have current income to meet current expenses, the second option given is, "Sell your farm." And that is the end of that person's farming career. If that does not seem to work, then they say to the applicant, "Spend your crop insurance." This, even though the crop insurance has been pledged to local merchants who have provided groceries for the farm family, fuel for the tractor and fertilizer for the crops. Yet they say, "Take the crop insurance and don't pay your bills." Canada Assistance would pay a farmer with average sized holdings perhaps $1000 a month or more, which is somewhat less than in urban areas. Perhaps that is because the farmer might own his home. But $1,000 a month coming in under an appropriate program—and I believe that the farmer is fully entitled to it—would go a long way in helping some farmers stay on the farm, maintain their occupation and be there to seed a crop and, I hope, to harvest a crop in another year.

Economic conditions are tough. The very best farmers, the technically best farmers, the younger farmers, are very often the farmers who are in trouble. Before I came into the chamber this afternoon I read a letter signed by two persons who are farmers, a husband and wife, each with a degree in agriculture. Their farm is being threatened with foreclosure. They are technically the most competent farmers that their particular district has produced. They have taken on a debt load that, because of changing economic conditions, they find difficult to service. I think that they and others like them require action of another kind, but including a cash infusion to give them a chance to meet some of their obligations and to permit them to stay on the farm. Some people say, "Well, it is not all that bad out there. The farmer is not starving. This is not Africa." Of course, it is not Africa. But it is Canada, and they are in need because they are without a net income of sufficient size to maintain their families and their farming operations, and their debt load is very heavy.

The Farm Credit Corporation says that of 24,000 farmers in Saskatchewan almost 6,000 are in arrears. I learned the other day that there are approximately 430 foreclosures over the

120-day period in process in Saskatchewan under consideration by provincial authorities. They have 120 days to settle with the banks or with whoever it is to whom they will lose their land. These 430 families are completely apart and are excluded from the Farm Credit Corporation activities where there is a moratorium on foreclosures. This demonstrates to me that things are very difficult indeed.

Statistics Canada has been forecasting farm income. The Saskatchewan Wheat Pool research department has done some work on these statistics, and their conclusion is that the realized net income for Saskatchewan farmers in 1985 will be approximately $254 million, or an average net income of $5,000 per farmer. I ask anyone, how can a farmer maintain his family, put in a crop and meet his expenses for next year with an income of $5,000? It is obviously a very serious problem.

● (1450)

It is forecast that the 1985 net farm income in Saskatchewan will be 75 per cent lower than the 1984 income which was approximately $1 billion. I think that these conditions are very serious indeed and are crying out for action.

Honourable senators, I think we are doing our job in the Senate this afternoon in talking about this matter which, I think, is of urgent importance, particularly when one realizes that it is superimposed upon agricultural prices that extend from coast to coast. The price-cost squeeze is on; the debt load is heavy. But when you come into an area where there is virtually no crop for many producers, a crop failure coming after a number of crop failures, then it adds up to a very intolerable situation indeed.

Honourable senators, I hope that this motion will receive support from all sides of the house. I hope that members of this house supporting the government party will agree that this is a very urgent question and that tinkering will not be enough; that a tiny announcement will not be enough. This requires urgent, massive action by the government. I say that Prime Minister Mulroney committed himself to major action when he asked his parliamentary secretary to set up a task force. He should be acting now on that report, and I can tell him that people of all political parties in Saskatchewan, and agricultural producers generally, are virtually unanimous in support of the propositions that I have talked about today.

Senator Roblin: There is no doubt in my mind, honourable senators, that the observations of my honourable friend who has just spoken need to be carefully considered, and I hope to add something to that debate in what I have to say. However, I would take it as a kindness if he were good enough to send me a copy of the resolution, which I have not yet seen, in order that I can be precisely informed as to the proposition which he is laying before us.

Senator Argue: I apologize to my honourable friend and hand him a copy.

Senator Roblin: As I said at the beginning of the discussion on the point of order, if you expect to get an informed reply from those who deal with matters of this sort, it is reasonable to let them know the case that they have to answer, or at least the terms of reference of the resolution which is being discussed. My honourable friend seemed to hint to me that he wanted to keep the matter rather close to his vest so as to surprise us. That is, I suppose, a natural political gambit but it does not advance the debate very far.

It is an ill wind that blows nobody good. At least, it has not blown the Leader of the Opposition any good because he ought to be here this afternoon. He ought to be here to have heard this debate, because he is the man who is telling us that the Senate should adjourn for long periods of time; that it is not necessary for us to sit because there is nothing for us to do. Yet, the very day that he leaves us to our own devices, as he has done today, we have a resolution which I must admit covers an exceedingly important and pressing public matter, and I make no gloss with respect to that observation.

Senator Frith: Yesterday we were talking about government business; now we are providing you with some business.

Senator Roblin: And yesterday I was talking about the business of the Senate. The whole of my point yesterday was that there was not only government business that had to be considered but there was also the business of the Senate itself, and if I ever needed a concrete example of what I was trying to say, I have had it today. Enough said about that; it is an ill wind that blows nobody good.

Senator Frith: I think you should be thanking us for giving you some business.

Senator Nurgitz: Thank you.

Senator Frith: You're welcome.

Senator Roblin: If I were in my honourable friend's position, I could suggest lots more business.

However, let me try to get back to the point we are discussing here, and I hope that Senator Argue will not go too far away, because I want him to hear the extent to which I agree with his analysis of the situation. There is no doubt that the farmers of western Canada, and particularly those in the provinces of Saskatchewan and Alberta, are facing difficult times. The province of Manitoba, in most respects, has been saved from the worst impact of the ills that we have been discussing here. In fact, the position there is a more or less satisfactory one, but that is certainly not the case in certain areas of Saskatchewan and Alberta, particularly those parts of the country that are in the Palliser triangle.

We must, of course, remember that it is very difficult to make a sweeping statement about the agricultural industry, because one farmer may be doing quite well while another farmer is doing quite badly. However, the fact that someone is doing well really does not take the curse away from the situation of the fellow who is not having the same success. Therefore we have to remember that we have this position, and when I say that in my own province they are doing fine, it may be true as a general statement but I am sure that we can find farmers to whom that does not apply, just as in the other

provinces where we say it is very bad, we can find farmers to whom that observation does not apply.

So it is a difficult question, and one has to admit from the word go that it is not likely that any government can do all those things requested of it by those who are in difficulty, having regard to the situation in which governments find themselves, whether it be this government at this hour or at any time or in dealing with any experience we have ever had. It is very difficult for governments to meet what others might consider to be the full extent of the deficiency or the full extent of the problem.

But there are many things that we can do. My honourable friend made a reference to 1937, and I thought it was apropos, because in those days we had a situation where things were very difficult indeed, and they were difficult because we did not yet have in place some of the instrumentalities we now have that, with experience and over time, we have learned governments can use to mitigate some of the effects of natural disasters. However, there is not very much we can do to mitigate the effect of bad judgment in respect of farming activities—and we are all free to admit that there is lots of that around. However, in terms of natural disasters and those hazards of both price and nature over which the farmer has no control, that is the area where we try to do something.

Senator Olson: You have not done anything.

Senator Roblin: I will come to that. I am not prepared to say that we can do all those things that are required, but let us take a look at some of the situations and how they have been approached. I do not make this recital by way of excuse, by any means, for any shortcomings that others in this house may find with the present administration. I simply want to place certain facts on the record because they are germane to the issues that we are discussing.

In the last crop year, 1984/85, the gross receipts of western agriculture were $5.4 billion. Those are gross receipts, not net. In this year that is now coming to a close, it is estimated that the gross receipts will be $4.8 billion, which is a shortfall from the previous year of $600 million—and the previous year was no great shakes as far as that goes. However, this gives you an idea, I think, in an over-all way of how the situation has changed from one year to the next, and it indicates something of the difficult problem that farmers are facing. Not only is their gross income declining, but the prices of what they have to sell are declining and their net income is declining. There is no way in which we can, nor ought we to try to ignore those salient facts in this issue, because they are important and they are the reason why the farming public in the west deserves consideration in this Senate.

Since 1937, one of the new measures that have been introduced to deal with the question of the vagaries of the weather has been the crop insurance system, and I take some pleasure in making that statement because my province was the first province in Canada to introduce crop insurance. In fact, in Manitoba, it has been so refined that it is specific to the farm. In other words, the crop insurance people will look at the record of particular farms in Manitoba in order to calculate the premium, the risk and all the elements involved. So, at least in that province the question of holus-bolus insurance premium rates has been, to some extent, mitigated. We are able to deal with the fertility and productivity of land on a realistic basis in Manitoba.

[Senator Roblin.]

• (1500)

In this year of grace it is expected that some $600 million will be paid out in crop insurance payments to the farmers of western Canada. Those payments may not go to precisely the people that some of us are concerned about today, because I do not know whether they are insured or not, and not all products are insured, though most of the important ones are. But it is a matter for prudent management, I think, for a farmer to accept the advantage of crop insurance because so much of the cost is borne by the provincial and federal governments. The farmer pays part of the premium, but by far the largest portion is paid by the governments of the country. So, that is a good deal. One would like to hope that prudent management would call for the application of crop insurance by the farmers. We know that there will be some $600 million paid in crop insurance payments for this crop year.

But there is a great hole in the crop insurance system that we have today, and that hole is that it has not been constructed, so far, to take care of a run of bad years, of two or three years in a row, as we have had recently in some parts of the country. There is a problem that needs to be rectified, and the government is taking a very close look at the question of reform of the crop insurance system in order to make it more helpful in cases where there is a recurring cycle of bad weather, rather than having it apply on an annual basis. The details of that I am not in any position to announce to the Senate today, but I am able to say that the government recognizes this as a problem and it is prepared, in due course, to present measures to help deal with that problem. But, of course, it must be admitted right away that that will do nothing for the people who are in difficulty today, and I make no effort to ignore that fact.

Then, as the honourable senator has stated, there is the Western Grain Stabilization Act. This year, that will put some $700 million into the cash flow of western Canada.

Senator Olson: What was that amount?

Senator Roblin: During the past 18 months, $700 million has gone into the cash flow of western Canada, and there will be another payment made at the end of this year. I do not know how much that will be, but it will be substantial.

So, there is a considerable addition to the cash flow provided by the gross receipts in respect of what will be coming from the crop insurance program and what will be coming from the Western Grain Stabilization Act. Those additions are not to be ignored, because the moneys involved are substantial.

The problem in western Canada has been diagnosed, I think, as having at least two components, one being livestock, the other being grain. In respect of livestock, as the Senate well knows, the government has made a contribution of $48 million

to assist livestock producers. I do not know whether the livestock producers find that perfectly satisfactory. I would be surprised if they did, and they would probably suggest something more. In terms of the overall situation, though, and the problem that we face, this is a contribution which, I think, should not be ignored. It is a reasonably important contribution and one that is reasonably acceptable in many parts.

There have been a number of moves made of a general nature, and I recall for the sake of the record the fact that the capital gains tax has been modified for farmers. That is not going to feed many people this winter, I am sad to say, but in looking at the overall picture, it is a factor that we ought to think about. The Advance Payments for Crops Act has been substantially improved—I think it has been doubled. The Minister of State (Canadian Wheat Board) the other day made an announcement about the provision of cash—$3,000 per farm—for grain drying equipment, which is an important subject on the prairies these days. There has been a fuel tax rebate so that the taxes on fuel are not as high as they otherwise would have been. So, there have been a number of measures taken that, on a global basis, helped to assuage the difficulty.

The problem, of course, is that even when one adds all of these things up—and I did—one gets an input into the cash flow of $1.3 billion from the crop insurance and the Western Grain Stabilization Act, and while those are substantial amounts of money, we are not entirely sure that they are—in fact, we can be quite certain that they are not—pinpointed to those most in need, and those are the people we should think about today.

Another thing we have to do—and I think this is important and we should give it some thought when we are thinking about avoiding these problems in the future—is to try to help young farmers in particular to understand the burden of borrowing and the burden of capital debt. One of the biggest problems in western agriculture is that the younger farmers do not remember the "dirty days" as well as I do back in the 1930s and the early 1940s. They are accustomed to continually increasing values of farm land and have seen favourable prices regularly, and have been borrowing money to support the enormous capitalization that is now required for the operation of a modern farm, and have been urged to borrow that money, no doubt, by many people. The result has been that when we reach calamitous times the burden of handling that debt is dreadful. That is why, of course, there has been a moratorium as far as the government is concerned in respect of those capital situations in the hope that by spreading out the obligations over time we may enable many of those people to see their way through.

I do not blame them for that. Smarter men than I have been caught in the bind of having too much debt. I do not blame anybody for that, but I simply say that we have an obligation to do what we can now and to point out the difficulty.

In the Carman area of Manitoba—certainly when I was there—there was a program of farm/business/management. We were successful in getting many of the younger farmers to attend those meetings so that they could learn about the complexities of finance. I say that because if one is trying to run a farm there are plenty of problems to be solved in the natural order without having to deal with the subject of farm financing, which is so pressing on some today. I think we have to look carefully at trying to spread the news, to share the wisdom of the ages, if one can put it that way, to explain what happened 30 or 40 years ago and to tell of the lessons learned then in the hope that they do not have to be learned all over again. This is a wide field and requires concerted attention from not only the federal government but also the provincial governments.

That is the big picture. I know that Senator Argue will hardly be satisfied with the big picture, and I am not critical of him for that, because he is trying to deal with individual cases that have come to his notice. Many of those individuals are not well provided for in the big picture; therefore, we have to do something else.

We have Phase I, which is the livestock phase, and Phase II, which is now being considered, and the complaint is being made that we are not moving fast enough on that. I am not going to say that we are moving fast enough; I should like to see us move faster, and I have said in the Senate—and I do not mind saying it again—that that is the view of the government. I can tell honourable senators without getting into detail that there are certain interests outside the federal level of administration which have a right to be heard in these matters and whose advice and consent is sought, and that means that we are not entirely in control of the agenda; we have to get these other extraneous matters cleared up as we go along.

I noticed that Senator Olson made an interesting reference to the etymology of the word "soon". He is right in that it is an elastic phrase. As I have told this chamber on a number of occasions, the issue has not been lost sight of. The Prime Minister and the Minister of Agriculture and the member for Assiniboia have not forgotten their responsibilities in this matter. I can tell the Senate, as I have done before, that the matter has reached cabinet level, but there are these one or two extraneous matters to be clarified before the cabinet can deal with it finally. I am confident that I am going to be able to come here in the not too distant future—I am afraid to use the word "soon"—but to come here at some early date and tell the Senate what exactly is proposed. Let me give you this warning—I do not suppose it is going to meet Senator Argue's standards.

• (1510)

Senator Argue: Fifty dollars would do it.

Senator Roblin: I am sorry but I am not making any forecast about what is going to be in this policy when it is developed, but experience has told me that hardly ever in the history of operations of this kind is government able to satisfy fully the expectations of politicians or, indeed, of some people in the farming community. Therefore, I expect to receive a certain amount of complaint from Senator Argue and others when the policy does come down because I know it is not going to make everybody happy.

I stated at the beginning of this discussion this afternoon that I had no real objection to Senator Argue's making his case. The house has decided that he has the right to make it. I do not quarrel with that at all. I think that it is advantageous to have these other, wider matters placed on the record because they are all part of the considerations that the government has to take into account when it decides what to do. Emergency measures have to be fitted into the regular policies that are in place.

What is more, I would be disappointed if there was not something in the government policy which looked beyond the present emergency and tried to propose some other measures that might be introduced to deal with the problems of western agriculture in such a way that some of the problems we perceive to be still outstanding on the agricultural support agenda are dealt with or are tackled. I think I can say that is the attitude of the government. They know they have to take measures to deal with the urgent situation, but it is their hope that we will also be able to ask Parliament to consider other measures which are more long-reaching in their character, which will deal with some of the long-term problems that we have seen and which will help agriculture continue in its vital role in the Canadian economy. I, by no means, downgrade the problem because it is there and we know it. I only hope that the measures government is able to take will prove themselves to be sensitive, responsive and go at least part of the way toward meeting a very real need.

Some Hon. Senators: Hear, hear.

Senator Olson: Honourable senators, I hope that honourable senators will realize that they and I have just heard one of the most remarkable speeches ever—a string of excuses and nothing more than that. Any of the farmers who were looking for the response today to, at least, give them some comfort, will go completely without because the Leader of the Government on almost every point that was raised by Senator Argue expressed a certain amount of sympathy—but we have come to the point where sympathy is not enough any more. The Leader of the Government expressed sympathy for all these problems. He does it every time in Question Period. He did it in September but today he gave nothing more concrete than what he gave then, except to say that he wants to teach these young farmers a lesson about being in debt. If the government wants to do that, that is up to them, but that does not buy groceries, it does not pay for gasoline, nor does it pay for any other expenses that they have. I hope there is fairly wide circulation given to the comments that he made about all these new young farmers that came into the business since the 1930s, that do not know anything about financial management, and so we have to let them suffer out there for a while until they learn all the things that he claimed people learned in the great depression of the 1930s.

That is no answer at all to the crisis that is facing them today. I think the urgency of the debate today is to try to get the government to make an announcement about what they are going to do. We have to remind ourselves once in a while that this is not the first year of the drought; it is the second year. There was an equally serious drought in essentially the same area of the southern prairies in 1984. There was a delay in the action that was taken then, although there was some taken long before November 6 in that year. Another point that has to be made is that the consequences of drought get worse year after year.

I do not know how we can impress upon the government and all the members from western Canada, who ought to be able to carry the message to the government, that these people are in a desperate situation. All we get is the government ducking and dodging. It is interesting to hear the Leader of the Government today advance some new excuses for further delay. I am not going to bring up the word "soon" any more either because I have given up on that word. What the government's interpretation or definition of "soon" is has no relation to any definition that was ever written in any dictionary. In fact, it is almost the opposite.

Today he said there is some further co-ordination with some other longer-term policies that are in place, or that might be in place, that has to be taken into account before we can get to announcing an assistance program for this year.

Honourable senators will recall if they listened—and I know that they did—that the first set of excuses that they got from the minister was that the crop was not all harvested yet. That started in the middle of September. He used that excuse for about three or four weeks until the nonsense that was involved in all of that was pointed out to him, and that due to inclement harvesting weather there were indications there would not be any harvesting completed this fall at all. However, the weather changed for the better in the last few days, so I think a higher proportion of the crop, even though it was damaged considerably, has now been harvested. Today we have a new set of excuses.

There was another set of excuses after the harvesting one, namely that they had to wait for the report from a task force. But we have not seen the report as yet although we have been told that the government has had it for weeks. What are we waiting for? We are waiting for a government that does not seem to understand that it is a serious matter and that there are people out there who have been waiting and waiting to see what they are going to do.

The Leader of the Government did not give any valid reason today for why they are waiting except that they cannot make up their mind. As a matter of fact, he volunteered that some part of the cabinet—I suppose it was the cabinet committee—has considered it but the whole government has not yet considered it or given it approval. That is what I read between the lines although he did not exactly put it in those terms. What are they waiting for? Today is November 6.

We know that there are people out there who have to make arrangements for further supplies of whatever they need to continue on, and they do not have any inventories or any income. I know that there are those who did manage to buy crop insurance and are probably going to get paid on that reasonably soon. What about all the others? He mentioned

that there are some others and there certainly are. That is not going to meet the situation at all.

• (1520)

Honourable senators, the minister mentioned that, some time ago, $48 million was provided for the livestock industry. He failed to mention, however, that $92 million was taken away just a few days before that. First, there was a $42 million reduction in the budget of the Department of Agriculture, after which, in the main budget, there was the announcement of a further reduction of $50 million from that department's budget. As to the excuses that we have heard again today, while I admire the Leader of the Government for putting them all together over the past few days, it certainly was not the case that he had no prior notice. He is aware that Senator Argue and others have been asking for an announcement from the government. He continues to maintain that the government has been considering these matters. What we need, however, is an announcement. People are desperately waiting for the government to make that announcement. The Leader of the Government says that it needs to be substantial. I do not know what he means by "substantial", because if what they have done for the livestock industry—$42 million for the total area covered in the three provinces where the drought occurred—is considered to be substantial, then I think that constitutes a new meaning of the word.

The government leader mentioned a few things that I find interesting. He said that the gross receipts from last year are down. Then he acknowledged that last year was lower than the average for some time. It seems to me that that should have been an indication that there was some urgency to this matter. I can add to that and advise him, although he already knows, that last year, the first year of the drought, many of those farmers were selling off inventory that was produced in prior years. They no longer have that inventory. By the time all of the receipts are added up for that area of Canada, the total will be way below what it was.

One thing that the Leader of the Government did not mention is that part of the northern prairies had an excellent crop. If it were valued at the full market price, which it will not be because weather conditions have deteriorated the crop to some extent, there could be an increase in that area. But that will probably go into their inventory.

The government leader went on to talk about crop insurance. I am happy to say that the administration of the crop insurance, at least in the part of Alberta that I come from, was adjusted, and that, indeed, farmers have been treated generously. That is a good thing, because it did solve much of the feed problem. Let me explain for a moment that the crop insurance administration—which, by the way, is carried out by the provinces—did allow some of the farmers to cut their crops for livestock or winter feed. They raised the level at which that charge against their crop insurance would be made. In some cases, I think, it was raised to five bushels per acre. Under normal conditions, it would be somewhat lower than that. That was a generous move on the part of the provincial government that administered that program. That was a helpful step. But, honourable senators, that does not take from the federal treasury a cent which was not already committed under the previous government a long while ago. The commitment was that the federal government would pay 50 per cent of the premium. The minister indicated that he could take some pride in the crop insurance program because the province of Manitoba was, he said, the first one involved. I believe that is correct. I can recall when the all risk crop insurance program was put together, or, at least, modified to be similar to its present status. I had something to do with that, and I know that it is a reasonably good program, but it was never designed, as the honourable minister said, to deal with the sort of disaster that can come from two droughts as serious as those we experienced in 1984 and 1985. For a number of reasons, that program just does not meet the need at all.

Honourable senators, one other thing that is fairly annoying is that representatives of this government—the minister himself stated so right in this chamber—knew how they were going to treat people when they were members of the opposition, but they seem to have forgotten all of that. I suppose the government leader would say that that is the normal thing, that when you get over on the government side, there is such great responsibility and all of that sort of thing that they forget their sympathy for the people who are suffering. I see the Deputy Leader of the Government shaking his head. I am not sure whether he is shaking it up and down in agreement with me or sideways.

Senator Argue: What difference does it make?

Senator Marshall It is certainly not in agreement.

Senator Olson: I want to emphasize, if I may, that the people out there, particularly some of the younger farmers, need to know whether there will be some sort of assistance program. Is the government going to help in this serious situation or is it not? We will not know until a program is announced whether it is substantial. The sort of promise that was given by the Leader of the Government this afternoon is about as valuable as the replies that he has given to questions over the past six or eight weeks; that is, they are not worth anything. They are promises; they are indications that something is being considered, but we never get to the stage where the government announces what it is going to do or who is going to benefit from the program that it has worked out. If we look closely at what the Leader of the Government said today, we could almost come to the conclusion that the government does not intend to help those farmers who had crop insurance or who will be receiving any other assistance from either the federal or the provincial governments. He said that we have to take all of those things into consideration, and then he pointed out that there will likely be a number of farmers who will not be the beneficiaries of any of those programs. That is an interpretation that I admit I am putting on what he said, but I would not be surprised if that is what happens in the end. It would be no surprise to me because that is the kind of action that I think the Leader of the Government was trying to prepare everyone for.

The Honourable Senator Fairbairn from southern Alberta mentioned time and time again that we need action under the stabilization program for sugar-beets. At the time the matter was first raised, the government was going to have a study conducted by the mininster responsible for the Wheat Board. The government was going to do all kinds of things but, to my mind, they are merely excuses for the delay. I believe it was yesterday that the Leader of the Government threw the sugar-beet stabilization program in with the other assistance programs. There is no relationship at all between them. The government leader said that action under that program had to wait until the government determined what it would do with all of the other programs. At least, that is the impression I got. I think that this sort of confusion constitutes nothing more than delaying tactics so that the government can go from one week to the next without making known to the people who are affected by the drought and by the shutdown of the sugar-beet industry what will eventually happen.

Honourable senators, that is why this debate is so important. I hope that Senator Argue and every other senator who participates in this debate will be able to convey to the Leader of the Government that the people affected by the drought are getting sick and tired of the excuses that are being put forward by the representatives of the government. I hope that he will take the matter seriously and that he will be successful in conveying the message to his colleagues so that we can have an announcement and so that these people who expect, and who have every right to expect, some sympathetic assistance from this government will hear an announcement soon.

• (1530)

Hon. Len Marchand: Honourable senators, I am very pleased that Senator Argue has raised this matter today. It is a matter that is of the utmost importance to farmers, ranchers and many Canadians. I do not wish to speak for very long because I think the situation has been adequately outlined by both Senator Argue and Senator Olson.

I was glad to hear in the initial remarks that British Columbia was included in those areas regarded as facing problems. There is a tendency to leave out the agriculture industry of British Columbia when we talk about some of the problems of the prairie farmers and the prairie ranchers. I would like to point out to honourable senators the fact that the problem is not limited only to the prairies. The ranchers, in particular, in British Columbia have been very hard hit by drought. A number of these ranchers in the province contribute in a very important way to the agricultural and economic life of this country. As a matter of fact, there are some 3,000 cattle producers in my province. In 1983 the cattle industry represented some $140 million in farm cash receipts for the province. I think that fact alone illustrates how the ranchers of British Columbia contribute a great deal to the life and economy of our province and this nation.

The federal and provincial governments have set aside some $4 million and provided $60 per cow to ranchers in need in certain areas. In British Columbia they included the areas of the north and south Peace, Prince George and Omineca. The amount of $60 is inadequate. As Senator Argue has said, at least $100 per cow is required. Unfortunately, this program did not include many other areas in British Columbia that have been hard hit by the drought. Representations have been made on behalf of these areas to both the provincial government and the federal government, particularly to the federal government. These ranchers have been told that there is no more money to help them. That is wrong. Again, at this point I would like to underline and underscore what has been said by Senator Argue. There is money. We seem to have been able to find the money to bail out the banks. We found a lot of it. We have to find some money for these ranchers, and I know that it can be done.

The areas about which I would like the Leader of the Government in the Senate to make representations to the Minister of Agriculture are areas in the Cariboo, particularly the west Chilcotin, the Anahim area, the south Okanagan area and the Kootenay area. I am told that if no assistance is forthcoming to many of the ranchers in these areas they will be forced over the next few months to sell down their herds even further. Farmers and ranchers have faced very difficult circumstances over the past few years and a number of the herds have already had to be sold down. These ranchers are at a point where they cannot afford a further sell-down of their herds. It would be a very serious blow to the cattle industry of British Columbia and a serious blow to the way of life of so many families in these areas—the Cariboo area, the Kamloops area, the south Okanagan area, the Kootenay area and the Peace River area. Farming and ranching in those parts of the province are a very important way of life and the people there make a tremendous contribution to the life of this nation. It would be very serious if they had to sell down their herds and go out of business.

Hon. D. G. Steuart: Honourable senators, I find this whole situation of the past few months extremely surprising. The Leader of the Government in the Senate has suggested that it is too bad that Senator MacEachen is not here to hear this very important debate, when just the other day he wanted to adjourn the house. I suggest that if the government had faced its responsibilities and brought important debates such as this one before the chamber we would not be requesting an adjournment; we would be quite happy to stay here five or six days a week. However, since there was nothing forthcoming from the government and since it was not prepared to face up to its responsiblity, we decided to bring the matter up ourselves in an attempt to get something important done in this chamber for a change.

The honourable senators who have spoken have put forth many figures and statistics. However, what I find surprising is the almost absolute silence in the other place by all those representatives from western Canada and, equally, the almost total silence in this place by senators who represent farming areas in western Canada, as well as other parts of the country. The only time we hear anything is when Senator Roblin, in his capacity as the Leader of the Government, explains to Senator Olson, Senator Argue and others who bring up such matters,

why nothing is being done and why nothing apparently can be done. After the last election there was tremendous optimism in western Canada.

Senator Roblin: I did not say that nothing could be done.

Senator Steuart: So far, nothing has been done. The honourable senator keeps telling us that something will be done, but in the meantime there are thousands of farmers out there tightening their belts and holding their breath in the hope that they will hear something. What has really disappointed them is what has happened since the last election when massive numbers of Conservatives were voted in. The majority of members elected in Manitoba and Saskatchewan were Conservative. All of the members elected to the House of Commons in Alberta were Conservative as were most of the members elected in British Columbia. A massive Conservative government came to Ottawa. There were these tremendous promises made from one end of Canada to the other, particularly from one end of western Canada to the other. To the farmers they said, "Now, if we could get rid of those dirty Grits, get rid of those Liberals, we would see action." Well, you got rid of the Liberals. You have the Tories and you have the promises, and that is all you have.

I can remember day in day out, week in week out, year in year out, not so much in this chamber because I was not here, but certainly in the other place, Conservative members along with their friends in the NDP heckling and badgering the then Liberal government about problems in western Canada and the plight of the farmers there. The plight of the farmers then was not nearly as serious as it is today. What has happened to those western representatives? Are they muzzled? Are they gagged? Certainly they have not been heard from, and the people whom they represent are, to say the least, disillusioned.

What has the leader said in the Senate so far? He has mentioned three programs. One dealt with crop insurance. Crop insurance began in Manitoba, then came to Saskatchewan, and then went to Alberta. However, let us never forget that the back-up for the crop insurance program was put in place by the federal government, and that it was done by a Liberal federal government.

• (1540)

Let us look at what else he has talked about, such as the stabilization program. That was put in under the auspices of Otto Lang and a Liberal government. Let me remind members opposite that the Tories in the other place, and I presume in this place—I was not here—fought that tooth and nail. Yet he has the nerve to stand up now and take credit for that as being one of the few things that is helping the western provinces. It is, but no thanks to the Tory members of this place or of the other place then or now.

That is why this debate is important at this time. Surely we have a responsibility as senators to try to wake up the government, to try to wake up those members who represent Manitoba, Saskatchewan, Alberta and British Columbia, and all other members who represent the farmers of western Canada, because I do not know what they are doing aside from sleepwalking. As I said, they have been either muzzled or gagged, but they are strangely silent. It was claimed there was alienation in western Canada before—when they said that they were not represented, they needed an elected Senate, they needed someone to give them a voice—my God, they now have hundreds of voices in the other place, but they are strangely muted, and I think that that is a disgrace and a shame.

The Leader of the Government mentioned one thing I found amusing. He said that they put in a system to help farmers dry their grain. We have no problems in western Canada drying the grain; we have problems with drying the land. That is where we need the help.

So, I think what we have tried to do today is to wake up the government. We hope that the Leader of the Government will talk to his colleagues in cabinet about this urgent matter. I know he is sincere. I know that when he was the Premier of Manitoba he did his best for his constituents. Our plea to the leader today is that he go back to his cabinet colleagues and to the members of Parliament and get them to show some of the spirit and guts they showed when they were in opposition, when they fought so hard for western farmers. What has happened to that fight? What has happened to that courage? What has happened to those ideas? They have grown strangely silent, and I will tell you something, the farmers of western Canada are not going to forget this.

Hon. Dan Hays: Honourable senators, I should like to participate in this important debate. First of all, I should like to thank Senator Argue for introducing the motion. I think people in the agricultural sector will be happy to see that they have such an energetic and dedicated spokesman. That is not to take away at all from the comments made by other senators, including the Leader of the Government, who, I guess it would be fair to say, expressed regret at the fact that we have not yet had an announcement from this government on its proposed program to deal with the drought in western Canada.

The comments of other senators, however, have been critical of the government. I should like to join with them in expressing alarm at the fact that this government has not moved on this important issue, and in fact has not moved on any number of important issues involving the agricultural sector, which has severely exacerbated problems in that seriously distressed industry.

A lot has been made of the importance of a timely announcement of policy and program. In the case of the agricultural sector that is involved in the drought, that is important, because they have, as other senators have said, plans to make for next year, plans to make for the remainder of this year and plans to make to service their debt and other things. I do not particularly want to dwell on that because I think that has been adequately covered, but I should like to talk about another level of government which is also involved in the problem. I refer to the provincial governments. I also refer to the failure of this government to bring forward a program by November 6 when we knew very well what the problems were in mid summer. They have done nothing, with the exception of the $48 million program to assist cow-calf

producers in western Canada. That lack of announcement has left us with a serious gap, and the serious gap is that the provincial ministers of agriculture are unable to co-ordinate programs with the federal government.

I am from Alberta, and the Government of Alberta has announced programs which over the next two years will amount to expenditures of almost half a billion dollars, that is between $400 million and $500 million. That government has found it necessary to implement unilaterally the recommendations of the Hall Commission report because the federal government has not dealt with it, and it has been before it for months now. That government found it necessary to implement a stabilization program which mimics the program that the federal government has said it would introduce to compensate and make up for lack of action on the part of the federal government.

It was the provincial governments of Alberta, Saskatchewan and, I believe, Manitoba—although I am not sure—that made up the difference in the crop insurance program that has been so important this year. Those were the governments which made up the difference that beneficiaries under the insurance will receive between 1984 and 1985, and which rolled back the bad experience that 1984 had on crop insurance premiums. They were the governments which set the zero crop at five bushels rather than three bushels. The federal government has really done nothing in this area. Members of the federal government have talked a great deal, but have not done anything. It is extremely important in terms of federal-provincial relations, in terms of co-ordinated policies of those two levels of government, that they actually implement the policies they have talked about and that the government come forward with its drought assistance program. I have no doubt that there are negotiations going on between the two levels of governments, but that is not good enough because that excludes the most important player in the game, and that is the producer.

The other thing I should like to bring forward in this debate is a criticism of the government's agricultural policies in general. With the exception of the minister's support of marketing boards in the free trade negotiations, I have heard little from this government that gives me any encouragement. The promises of the Conservatives to eliminate capital gains tax on the sale of agricultural land, to do away with section 31 of the Income Tax Act and the promise of assistance in the nature of an agro-bond for agricultural producers were not kept. As well the industry was insulted by a white paper put out by the Department of Finance.

We did get half a million dollar capital gains tax exemption, but I do not think that is a good expenditure of public moneys. I think there are many other things that the tax revenues that will be forgone as a result of that measure could have been spent on, and which would have done a great deal more for agriculture. It really, as someone said, encourages people to get out of the business and does not help in any way the people who are most important to us, those who want to stay in the business, or those who want to enter the business.

[Senator Hays.]

Finally, I am distressed at this government's lack of concern for agriculture as reflected in the budget cuts; $50 million a year from here on out of the agricultural budget is something that this industry does not need at this time. On top of that, as Senator Olson observed, a year ago November 4 there was a cut of $48 million from that budget.

Honourable senators, I join with other honourable senators in urging this government to bring forward immediately its drought assistance program for western Canada, or if there is no such program, to say so, and take the electoral responsibility for that.

Hon. Sidney L. Buckwold: Honourable senators, my participation in this debate will be brief, but I must say that regardless of political affiliation, any senator from Saskatchewan—indeed any senator from western Canada—should support the motion proposed by Senator Argue. I think that Senator Argue brought forth his proposition that we debate this urgent issue because of the absolute frustration due to lack of action on the part of the government. My comments are not of a political nature. I have the greatest admiration and respect, and I think most of the people on this side do, for the Leader of the Government in the Senate who, I am sure, is doing the best that he can.

• (1550)

Let me quote what he said on September 18 during Question Period after some discussion with Senator Argue. He said:

> I will use my influence in the cabinet to reinforce the desire of that body, and of the Members of Parliament for western Canada, to make sure that the treatment accorded to the Saskatchewan situation is the best possible. I have no hesitation in saying, however, that it will not be possible to save everybody harmless.

That is true. You are not going to solve all the problems. Then he concluded by saying:

> There are just not enough resources to enable us to do that, but we can and, I think, we will do our best to mitigate the hardships, as far as we can.
>
> As to the Government of Saskatchewan, I have to confess that I have no influence there whatsoever.

That was on September 18, and despite a barrage of questions over the weeks since that time, and with all due respect to the Leader of the Government who sits in the cabinet, it is becoming very obvious that he is not getting very far as far as the pledge that he made on that date is concerned.

I want to say to members of the government that things are very tough in Saskatchewan, and I can speak for my province. Although the drought affected only about half the province, and for a while there was a reasonably good crop especially in the northeastern part of the province, we had very poor harvest conditions. The result was that the grain that was produced was damp and had to be dried, and 50 per cent of the crops were rated in the top two grades compared to 80 per cent in an average year. This means a very substantial drop in income to the farmers who produced grain in Saskatchewan.

It is all very well and good for many of the government supporters in Saskatchewan—I am talking about the provincial government—to indicate how important our mining and manufacturing industry is—and they are coming along—but let us remember that the basic economy of Saskatchewan relies on agriculture, namely the production of grain, the breeding of cattle and associated interests. What is happening is having its effects throughout the nation.

We read yesterday in the financial newspapers that Massey-Ferguson is closing down its combine plant because the sale of combines has literally disappeared. I am not quite sure if it is 1,200 or 1,500 people who are going to lose their jobs in Ontario. This affects not only Saskatchewan, Alberta, British Columbia and Manitoba but most of the provinces. I do not think we should ever forget the importance of that agricultural industry.

I am not going to use a lot of statistics. You all remember the old gag about the fellow who used statistics the way a drunk uses a lamp post—more for support than for illumination. That is probably true of both sides, but I think that the objective of the debate today—and I congratulate Senator Argue on proposing it—is to impress upon the government the importance of a drought assistance program, that many people are suffering and that these delays cannot be tolerated for any length of time. As a matter of fact, it seems to me that Senator Argue's proposal should have the unanimous support of all the members of this house if only to impress on the Prime Minister and the cabinet, since they make the final decision, that this is a matter of importance and that it has to be dealt with.

In conclusion, I should like to express to the Leader of the Government, who is absent, that I am sure he is doing everything he can. I do not envy him his job in trying to bring to fruition the proposals that I am sure he and others are putting forward but, as yet, have not been found acceptable. The objective of this debate is to focus on the decision-making process and to report as soon as possible to Canadians, and especially to western Canadians, that there are some solutions that will alleviate the very great suffering that is going on.

Hon. Joyce Fairbairn: Honourable senators, I have hung back a bit in this debate—which I, too, would like to thank Senator Argue for bringing forward—partially because honourable senators in this chamber on both sides are far more expert than I am on the enormous question of drought and its effect on the economy of western Canada. Their expertise is personal. Senators like Senator Hays and Senator Olson participate in the agricultural industry and they know first hand the highs and the lows and the cycles which make it a challenging, exhilarating and, sometimes, an agonizing way to make a living.

Perhaps what a great number of Canadians know about agriculture is what they see in the marketplace. Their personal concern is usually what the cost is of products necessary to feed their families. To a great segment of Canadians the word "drought" is a strange one in this country, and meaningless in a sense, except that it does convey an anxiety somewhere in the system. Yet, there is a visible face to drought, and to an extent we have seen it thanks to our national television network in recent weeks and months. I am glad of that because sometimes visual presentations can convey a great deal more than words can ever do.

Canadians have seen via television the drought through the lifelessness of the land it has affected. The land has turned to dust. On television they can see the dust sifting through the hands of the farmers or, indeed, through the hands of the Minister of Agriculture when he visited the western provinces this summer to take a first hand look. If there is a wind, as there all too often is in southern Alberta, the dust blows away so the topsoil is gone and you cannot reach out and grab it back. Indeed, the Department of Agriculture monitoring system has indicated that this is the worst year for loss of topsoil in our part of the country since the 1930s. In a place like Lethbridge in an important growing month such as June where the norm is three inches of rain there was about one third of an inch.

We have also seen through television the face of the drought from the crops. They cannot really be called crops in a drought area. There is no greenness, there is no blowing wheat; there is just stubble, like straw. At best, it can be used for cattle feed; at worst, you forget it. We have seen farmers selling off, in whole or in part, their herds, partially because feed is either scarce or too expensive. What a herd of cattle is to a farm family is almost impossible to describe because those people have simply put their lives into it.

• (1600)

We have seen, on the news and on "The Journal", the face of drought in those people who have attended farm meetings in Saskatchewan or those people out in the fields in Alberta—faces of distress, of anxiety, of bitterness. We see the faces of men and women who can barely keep back the tears or anger.

The autumn came, school opened and there was no money. The other day in this chamber, while speaking of these realities, Senator Argue drew to our attention the almost atonishing generosity shown by people from other provinces to farmers in Saskatchewan. At this point, honourable senators, I would like to pay tribute to Jean Argue, who is out there in the front lines, dealing at first hand with the distribution of various things that, surprisingly enough in this day and age in Canada, some of our people in the western provinces simply do not have.

One thing we do not see through television or through any other means is the extent to which the drought affects not just the farm family but the entire agricultural community. The results are not isolated. The ripple effect that comes from these disasters is tragic — tragic for implement dealers, for the chemical industry and for the wholesale and retail segments of the small communities in western Canada who sell clothing, food, small luxuries and bare essentials. This is an element which cannot be statistically measured. It is not possible to put a price on this kind of loss.

Finally, what none of us can really see is the personal stress that is created within the families of those farmers who are

affected—the stress upon the marriages, the stress upon health, the psychological stress upon not just the parents but the children as well. This is a cost to our society that we can ill afford.

At this point, I would like to say that I listened carefully to Senator Roblin, for whom I have a great deal of respect. I do not for one moment discount the concern and sympathy that he articulated. Indeed, as I have said more than once in this chamber, I hang my hat on Senator Roblin in terms of the degree of understanding and compassion he can bring to this sort of discussion around the cabinet table. I have confidence that he is one minister who really does understand. I hope that he will convey the deeply felt anxiety of other honourable senators to the next cabinet meeting, which I understand will be held tomorrow.

One element that he mentioned, and I think it is an important one—although not an immediate one such as those dealt with by my colleagues in terms of cash injections to help solve the problem—was the effort to somehow set up a system for the future by which natural disasters of this kind can be dealt with. A drought ought not to be dealt with by a one-man task force but by a procedure that is triggered by the event. There must be some sort of fund or process with which to set the wheels in motion quickly. That sort of thing exists within government now in the form of emergency planning processes. If there is a mud slide in Quebec, flooding in British Columbia or a twister in Barrie, there is a federal-provincial trigger which sets off an almost immediate reaction, which brings relief and assistance in terms of money and other kinds of help. Because of the experiences of the past two years in western Canada, the same sort of process should be in place in the event of another drought. I know that my friend from New Brunswick is aware of problems in his area which are also extremely severe.

Honourable senators, I could not possibly sit down without mentioning sugar-beets.

Senator Frith: Hear, hear!

Senator Fairbairn: As honourable senators are aware, I have talked a lot about sugar-beets over the past weeks and months—some would say too much. I have read with interest one of my former colleagues in the press gallery, who has noted with astonishment that I should even be discussing sugar-beets because, in recent years, my life has been physically far removed from that part of the country. However, I grew up with sugar-beets. Anyone who has grown up in southern Alberta knows them as a fact of life. We always knew that, in places like Taber and Picture Butte in southwestern Alberta, life chugged on and had been chugging on for 60 years because the farmers there grew one of the most stable crops on the market. Indeed, when I visited Picture Butte this summer, I noticed that the sign in front of the town which welcomes people to the community says "Heart of the Sugar Beet Country", and has a great big sugar-beet right on it. It is a bit ironic because that "heart" has since gone into cardiac arrest. There were no sugar-beets grown anywhere in Alberta this past year. This has caused and will continue to cause extreme hardship because that crop has been an economic anchor in that part of our country. That particular crop generates $170 million in that area.

I will bore honourable senators once again to repeat that we are pleading that the stabilization payment for 1983 to sugar-beet farmers in Canada be assessed and paid, and that this be done separately from a national sugar policy and separately from drought assistance. This arrangement was entered into in good faith by the farmers in 1982 and 1983. It is a payment that many of them desperately need right now in order to make their plans for the coming year. I spoke to one farmer today and I know that there are 20 young farmers who, without this stabilization payment, will have to walk away from the industry altogether. If there are 20, honourable senators, there must be more. The plea I make once again is one which echoes that of my fellow senator from Alberta. First, this is a matter of announcing a policy; second, if there is no policy, let us erase the doubts—let us know.

In conclusion, I should like to say that yesterday one of our colleagues, with absolutely no intended criticism of any sort, asked whether this matter of the drought is not exaggerated. He asked whether some of the things that Senator Argue and others have been talking about were not exaggerations. I suppose the answer is: In Canada a majority of farmers are not personally affected by the drought. However, a minority of them are, and they are affected very badly. It seems to me that our system is not set up purely for the purpose of supporting those who are prosperous. It is not simply there to reward success, as our Minister of Finance sometimes says. Our institutions—and this Parliament is one of the most important ones—have developed on the basis that they are here to defend and protect minorities who need help, as and when they need help. At this moment there is a minority among our farmers in western Canada who need help badly and I would urge again that the Leader of the Government do everything possible to ensure that this help is forthcoming, particularly by the time we come back from our week off.

• (1610)

Senator Molgat: Honourable senators, I was waiting in the hope that we would hear from someone else on the government side on this very serious issue in addition to the speech—albeit a good one—by the Leader of the Government. I had sincerely hoped that other Conservative senators would become involved in this most serious question.

Senator Roblin: They are all in committees.

Senator Molgat: I want to make it clear at the outset that I do not hold the government responsible in so far as the subject matter is concerned. I do not think the government is responsible for the drought in parts of western Canada and I do not think that the government is responsible for the grasshoppers. However, there is absolutely no question as to who is responsible for the need to discuss this matter today as one of urgent public importance. That responsiblity lies solely and clearly with the government, a government that simply cannot make up its mind on this matter. We on this side have been asking for some weeks now for a decision. Many of my colleagues

have indicated the seriousness of the situation. What do we get? Evasive answers, delays, and, "We can't answer your question." What did we get today? Well, we got a great speech from the Leader of the Government, but what is he doing? He is defending the indefensible. I really feel sorry for him in this regard, but the facts are that this government cannot make up its mind on this subject.

Let us face it, this government has billions of dollars for the banks, but not a damn cent for the farmers in need. My honourable friend rose and gave us, I will admit, a great piece of oratory. I respect his abilities in this regard. He even took us off on a little tangent about the Leader of the Opposition not being present. It did not have much to do with the subject matter, but it was a good little touch to get us off on a tangent.

Senator Frith: I did not think so. It was a bit mean, I thought.

Senator Roblin: I'm sorry, I was not attempting to be mean.

Senator Frith: A bit uncharacteristic perhaps.

Senator Roblin: Devious, perhaps, but not mean.

Senator Molgat: The government cannot make a decision on this subject, which has been brought up a number of times. And yet, I have here a press release dated October 16 headed, "Advance Payments to Tobacco Growers Increased."

> Agriculture Minister John Wise today announced that he has made $90 million available to Ontario flue-cured tobacco producers under the Advance Payments for Crops Act, compared to $23.4 million last year.

Senator Roblin: How much was that?

Senator Molgat: Ninety million. How was it that the minister could make this decision? Was it because they had not produced a crop? Was it because they had had two years of drought? Was it because they had just faced a plague of grasshoppers? No.

> —he took this action recognizing the critical marketing situation these producers are now experiencing.

There is no problem of no crop. It is simply that they have a critical marketing problem. Then he goes on to say:

> This step demonstrates his concern for the future of the tobacco industry and the communities the industry supports.

He ought to come and see some of the communities in western Canada and the state in which they are right now, where businesses are going bankrupt and closing up. The government can take action in this regard and increase payments to people who are not in dire need but who are facing marketing problems.

My honourable friend said in his speech that the situation in Manitoba was more or less a satisfactory one. He could not have travelled down to Melita and Deloraine for some time, because I can assure him that the south-west corner of the province has suffered from serious drought, as has southern Saskatchewan and southern Alberta over the past two years. However, in fairness, our situation in Manitoba is better than that of southern Saskatchewan and southern Alberta. That does not mean that we do not have any problems. We have some very serious ones.

Senator Roblin: I agree with that.

Senator Molgat: The situation is not simply one of what is happening right now, or what has happened in the past year, or in the past two years. The situation has been building for some time in so far as the whole of the agriculture industry is concerned.

I would like to refer to a document which has just come to my desk. I am sure that Senator Roblin will commend my source because another document indicates that he has been a director for Manitoba on the Canada West Foundation. I am referring to a Canada West Foundation Report entitled "Farm Finances in Western Canada." That report says on page 3:

> The Farm Credit Corporation estimated that in 1984 nearly 30,000 farms in the four western provinces were under severe stress—These were farms that met at least one of the following criteria:
>
> 1. total debt expenses (principal plus interest) exceeded 40 per cent of farm sales.
> 2. total borrowings during a single year exceeded 110 per cent of total new investment in that year or
> 3. net worth was less than 15 per cent of total assets.
>
> The severity of the farm financial problem can be gauged by considering that nearly one-quarter of all farms in western Canada fell into one or more of these severe stress categories. The situation has become even worse during the first half of 1985. Agriculture has not experienced such severe financial problems since the depression and drought of the 1930s.

A little further on in the same document under the headline, "Why the Current Situation?" It says:

> Product prices on the prairies are lower now than they were in 1981, even in nominal terms—In the case of wheat, its real price now is less than half what it was in 1973.

So when you couple that very serious situation with the particular problems to which Senator Argue has referred about drought and grasshoppers in southern Saskatchewan and southern Alberta and that corner of southern Manitoba, you realize that it truly is a crisis situation. That is why we have been pleading here with the Leader of the Goverment, the person in this chamber who is a member of the cabinet, for a decision in this regard. I hope that this debate today will assist him in making the case in cabinet.

Senator Roblin: I hope so, too.

Senator Molgat: Let us have a decision on the matter and let us not continue to defer it. I commend Senator Argue for bringing this matter before the chamber today as a matter of urgent public importance. I repeat, this situation has been created by the lack of decision by this government.

• (1620)

MOTION WITHDRAWN

Hon. Hazen Argue: Honourable senators, if no other senator wishes to speak, I wish to say that we have had a very pertinent and useful debate in the Senate this afternoon. There have been major and important contributions made by all senators who have taken part in the debate. Senator Marchand brought a dimension to the debate that was very useful, namely, the importance of the cattle industry in British Columbia, and the need for further attention by governments at this time to that industry.

Senator Fairbairn, if I may say so, brought us a very moving message which informed all of us of some of the personal trials and tribulations that people are going through in the drought area at this time. That is a dimension that is very difficult to measure. When one talks about individual difficulties and individual stress, someone will say, "You are exaggerating." But for those people who are suffering that distress, there is no way one could exaggerate the difficult experience through which they are going. An announcement—a sizeable one—would certainly be an important factor in helping alleviate that kind of distress.

On the other side of the coin, we have had a reference by Senator Molgat to the Canada West Foundation study. That is a learned institution. We know that when they come out and take a run at the Senate, as they have done in the past, it makes it difficult for us. I thought that that institution brought forward a very important report that does, in a detailed way, measure the very difficult debt situation that currently exists. I enjoyed listening to the honourable Senator Roblin, as I always do. I agree with other senators who have said that his heart is in the right place. We think that the fact that he has a seat in the cabinet is most important for the Senate, and we wish him well. We support what he is doing and would like to see him being more effective. We would like to see him delivering the goods, and delivering them more quickly.

I disagree with Senator Roblin's remarks regarding the debt situation and how the major theme should be somehow to teach the younger farmers—

Senator Roblin: That is in the Canada West document that Senator Molgat read.

Senator Argue: That deals with the dangers of going into debt. I agree that a farmer cannot get into debt unless he signs a document. I agree that he is part of the process, but I say that he is only part of it, and that somebody else must have the money and someone else must be willing to saddle that farmer with a debt, and somebody else must be a better salesman in convincing the farmer that the best thing he could do is have a large debt. It is a two-way street, but banks load up the farmers with debt, and as soon as the farmers run into trouble they head for cover, and the learned thinkers, the Ph.Ds, the research types and all of the authorities who recommended they get into debt, are the same people who then say: "By God, they bit off more than they could chew and were too greedy and they have to learn their lesson."

That is all baloney; that is all bunk. I have had some personal experience with bankers. I can say that when you need the money and you have a good proposition, you probably will not get the money. But bankers wake up to economic conditions a few years late, and when they say it is time to let you have the money, you had better run away from them. If you refused a loan when it was offered to you, but did your best to get that banker to say "yes" after he had said "no" to an application, I am sure you would be a winner in almost every instance.

In 1971 and in 1974, some farmers were refused loans. Back then, $100 of capital investment yielded $11.36 in realized net income, but in 1983, when the bankers were shovelling out the money, $100 of capital investment returned $2.32. Conditions have not improved since 1983, so it is probably similar to that figure now, and certainly it is not a satisfactory one. I am sure that that figure would be very low today.

The Royal Bank has a new farm package. It is an umbrella package and is advertised on television. I can tell you what they have; they have a debt trap set for the applicant, and they will spring the trap probably within 24 months after the loan has been made and they will take over the farm. That is precisely what they have been doing and that is precisely what is going on at the present time.

There are people who will say that $50 an acre is too much, that the government should not be expected to pay that. A section of northeastern Saskatchewan, a few years ago, had a series of no crops because of floods. The farmers could not seed the the land because it was flooded. Some of us made speeches and fired up governments back then, and when I was in the cabinet, whether I should have been doing it or not, I was firing up the demand, and the demand came forward and the previous government announced that it had a policy for the flooded area of northeastern Saskatchewan under which the federal government paid $20 per acre, the Province of Saskatchewan paid $10 per acre, for a total of $30 per acre on 80 per cent of the cultivated acreage. That translates to $24 for cultivated acres.

If you go to the most severe drought area of Saskatchewan and Alberta, it is basically half summer fallow, 50/50. With the change in the value of the purchasing power of the dollar since the $24 per acre figure was announced, I guess $48 on half of the cultivated acreage would translate to about the same amount. So, what I am saying is that a precedent by way of that announcement by the Right Honourable John Turner government is on all fours with the request that is being made now for the $50 an acre. The only thing that has changed is the government. They had all of the friends of the western farmer on their side and cut John Turner's $20 down to Mr. Mulroney's $10. But in any event, something did happen and some money was paid, $20 an acre on 80 per cent of the acreage. That was well received, and was, I think, of substantial importance.

The government is delaying its response and is continuing to delay that response. I tell you what I fear now; I fear that the government has now decided to wait until after the First Ministers' Conference, which is scheduled for the end of November—November 25 and 26, I think. I get that feeling because out in Saskatchewan the Premier called an agriculture conference in which farm leaders did not take part, but the academics were out in force, and they once again told farmers how to make money.

Senator Roblin: Watch out for those academics!

Senator Argue: That's for sure. They say, "pump more inputs, pump more fertilizer, have more continuous cropping." I do not know. I question the wisdom of that.

However, that is not the main point I am trying to make; the main point I am trying to make is that that conference was called and the Premier of the province said he wanted it called so that he could get ready for the First Ministers' Conference. He did not need any time to get ready for the First Ministers' Conference. The Premier of the province must know what agriculture requires; he must have known what he was going to propose at that conference. But what troubles me is that I think he was setting the stage, along with the federal government, for further delays in this announcement. I hope I am mistaken and that the announcement will be made quickly. I agree with others who have said that we really do not see much clout on the government side of the House for western Canada even though they have a large representation.

• (1630)

I think that this debate has been of high calibre, if I may say so. I believe it is time spent by honourable senators in a very useful manner and I hope it will have much influence on the government, reflecting as it does the views of those who think that this kind of program should be forthcoming.

Therefore, I ask that the motion to adjourn be now withdrawn.

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

Hon. Senators: Agreed.

Motion withdrawn.

[*Translation*]

YOUTH

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE

Hon. Jacques Hébert, with leave of the Senate and notwithstanding Rule 45(1)(a), moved:

> That the Special Committee of the Senate on Youth have power to sit while the Senate is sitting on Tuesday, November 19, 1985, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

[*English*]

Hon. Orville H. Phillips: Honourable senators, may I ask for clarification of the time of the meeting? There is some discussion concerning this meeting, and the fact is that the Standing Senate Committee on Social Affairs, Science and Technology will also be meeting on November 19. This may create a conflict for members on this side who are members of both committees. I understood from the deputy chairman that the committee would not be meeting until after the adjournment of the Social Affairs Science and Technology Committee. Before giving consent, I would like clarification.

Hon. Jacques Hébert: I am not sure if I understood the beginning of the remarks of the honourable senator, but if he is asking why we are going to sit on that day, the reason is that as a result of consultations with those involved we found it was the only day that was available in the coming weeks to meet. As you know from my notice of motion yesterday, we are already late in our schedule and we seek a delay of a month and a half in order to present our report. The Christmas recess is close at hand, so that left us with that date. As you know, we have discussed the matter and because the Social Affairs, Science and Technology Committee meets from 9.30 to 11 o'clock we postponed our departure for Meach Lake to 11 o'clock in the morning in order not to conflict with that committee and we will work until 10 or 11 in the evening. It is very important that we hold this meeting outside of this building.

Motion agreed to.

BANKING, TRADE AND COMMERCE

NOTICE OF MOTION TO PERMIT TELEVISING OF COMMITTEE'S PROCEEDINGS—SPEAKER'S RULING

The Hon. the Speaker: Honourable senators, I should like to make a ruling on Senator Murray's motion. Rule 77(7) reads as follows:

> Except as provided in these rules, a select committee shall not, without the approval of the Senate, adopt any special procedure or practice that is inconsistent with the practices and usages of the Senate itself.

Therefore, rule 45(1)(i) would apply in this case. I believe that honourable senators should take Senator Murray's motion as notice for the next sitting of the Senate. Is it agreed, honourable senators?

Hon. Senators: Agreed.

THE BUDGETARY PROCESS

STANDING RULES AND ORDERS COMMITTEE AUTHORIZED TO STUDY DOCUMENT ON PROPOSALS FOR IMPROVEMENT

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

> That the Standing Committee on Standing Rules and Orders be authorized to study and report upon the Document entitled: "The Canadian Budgetary Process—Proposals for Improvement" issued by the Minister of Finance, tabled in the Senate on May 28, 1985.

Motion agreed to.

PARLIAMENT BUILDINGS

CENTRE BLOCK—REMOVAL OF PORTRAITS OF BRITISH PRIME MINISTERS—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. Gildas L. Molgat: Honourable senators, on behalf of Senator Hicks, with leave of the Senate and notwithstanding rule 44(2), I give notice that tomorrow, Thursday, November 7, 1985, he will call the attention of the Senate to the removal of portraits of former British Prime Ministers from the sixth floor of the Centre Block of the Parliament Buildings.

BUSINESS OF THE SENATE

On Orders No. 3 and No. 4 being called:

Hon. Duff Roblin (Leader of the Government): Honourable senators, I should like the indulgence of the Senate to make a comment on Orders No. 3 and 4.

Senator Nurgitz is prepared to proceed today with both orders standing in his name, but following consultation with him we concluded that it would probably meet the wishes of the Senate if he were to wait until tomorrow in view of the extensive debate we had this afternoon. I want honourable senators to know that we were prepared to proceed.

Senator Frith: We get the point!

[*Translation*]

YOUTH

SPECIAL SENATE COMMITTEE—ORDER OF REFERENCE AMENDED

Hon. Jacques Hébert, pursuant to notice of November 5, 1985, moved:

That the Order of Reference of the Special Committee of the Senate on Youth be amended by deleting the words "28th November, 1985," and substituting therefor the words "27th February, 1986"; and

That Honourable Senators authorized to act for and on behalf of the Senate in all matters relating to the internal economy of the Senate during any period between sessions of Parliament or between Parliaments, be authorized to publish and distribute the Report of the Special Committee of the Senate on Youth.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 1448*)

STANDING RULES AND ORDERS

FOURTH REPORT OF STANDING COMMITTEE

WEDNESDAY, November 6, 1985

The Standing Committee on Standing Rules and Orders has the honour to present its

FOURTH REPORT

During the past few years there has been considerable discussion in both Houses of Parliament with respect to possible changes to the Royal Assent ceremony. On May 10, 1983, the Honourable Senator Frith presented to the Senate an inquiry regarding the advisability of establishing alternative procedures for the declaration of Royal Assent to bills. On March 26, 1985, the Special Committee on the Reform of the House of Commons recommended in its Second Report that a new Royal Assent procedure be adopted. The matter has also been raised in the Senate during Question Period during the present session.

Pursuant to Rule 67(1)(*f*), your Committee met on May 28, June 18, June 25 and October 24, 1985 to consider the question of changes to the Royal Assent ceremony.

Your Committee recommends the following:

1. That the present formal procedure of Royal Assent be retained and that it be used (a) at the request of the Governor General or of either House of Parliament and (b) at least once a session, for example at the prorogation of a session.
2. That, in addition to the present practice, a simpler procedure be established based on the following principles: (a) that the procedure involve representation from both the Senate and the House of Commons, (b) that it be public, and (c) that the declaration of Royal Assent be subsequently reported to both Houses of Parliament.
3. That representatives of the Senate meet with representatives of the House of Commons to draft a resolution for a joint Address of both Houses to be presented to Her Excellency the Governor General praying that she approve such changes to the Royal Assent ceremony as described in this Report.

Respectfully submitted,

GILDAS MOLGAT,
Chairman.

APPENDIX "B"

(*See p. 1448*)

STANDING RULES AND ORDERS

FIFTH REPORT OF STANDING COMMITTEE

WEDNESDAY, November 6, 1985

The Standing Committee on Standing Rules and Orders has the honour to present its

FIFTH REPORT

Pursuant to Rule 67(1)(*f*), your Committee met on June 25 and October 24, 1985 to review the *Rules of the Senate* in order to ensure that they better reflect male and female genders.

Your Committee recommends that the proposed amendments to the *Rules of the Senate* outlined in the appendix to this Report be adopted.

Respectfully submitted,

GILDAS MOLGAT,
Chairman.

APPENDIX TO REPORT

PRESENT RULE	PROPOSED AMENDMENT
5. (*e*) "Government Leader in the Senate" means the senator occupying the recognized position of Leader of the Government in the Senate or a senator acting for *him*;	5. (*e*) "Government Leader in the Senate" means the senator occupying the recognized position of Leader of the Government in the Senate or a senator acting for that senator;
9. Whenever the Speaker, from illness or other cause, finds it necessary to leave the Chair during any part of the sitting on any day, *he* may call upon any senator to take the Chair and preside as Speaker during the remainder of such day, or until the Speaker *himself* resumes the Chair before the end of the sitting for that day.	9. Whenever the Speaker, from illness or other cause, finds it necessary to leave the Chair during any part of the sitting on any day, the Speaker may call upon any senator to take the Chair and preside as Speaker during the remainder of such day, or until the Speaker resumes the Chair before the end of the sitting for that day.
10. Whenever the Senate is informed by the Clerk at the Table of the unavoidable absence of the Speaker, the senator chosen by the Senate under Rule 66 to preside as Speaker *pro tempore*, or, if *he* is absent, any senator chosen by the Senate, shall preside during such absence and shall thereupon have and execute all the powers, privileges and duties of the Speaker until the Speaker, or the Speaker *pro tempore*, as the case may be, resumes the Chair.	10. Whenever the Senate is informed by the Clerk at the Table of the unavoidable absence of the Speaker, the senator chosen by the Senate under Rule 66 to preside as Speaker *pro tempore*, or, if that senator is absent, any senator chosen by the Senate, shall preside during such absence and shall thereupon have and execute all the powers, privileges and duties of the Speaker until the Speaker, or the Speaker *pro tempore*, as the case may be, resumes the Chair.
11. Every act done by any senator, acting as aforesaid, shall have the same effect and validity as if the act were done by the Speaker *himself*.	11. Every act done by any senator, acting as aforesaid, shall have the same effect and validity as if the act were done by the Speaker.
17. If at any sitting of the Senate, or in Committee of the Whole, any senator shall take notice that strangers are present, the Speaker or the chairman (as the case may be) shall forthwith put the question, "That strangers be ordered to withdraw", without permitting any debate or amendment: Provided that the Speaker or the chairman may, whenever *he* may think fit, order the withdrawal of strangers from any part of the Senate.	17. If at any sitting of the Senate, or in Committee of the Whole, any senator shall take notice that strangers are present, the Speaker or the chairman (as the case may be) shall forthwith put the question, "That strangers be ordered to withdraw", without permitting any debate or amendment: Provided that the Speaker or the chairman may, whenever the Speaker or the chairman may think fit, order the withdrawal of strangers from any part of the Senate.
25. A senator desiring to speak in the Senate shall rise in *his* place and address *himself* to the rest of the senators.	25. A senator desiring to speak in the Senate shall rise in the place where that senator normally sits and address the rest of the senators.
26. When two or more senators rise to speak, the Speaker shall call upon the senator who in *his* opinion first rose *in his place*; but a motion may be made that any senator who has risen "be now heard" or "do now speak".	26. When two or more senators rise to speak, the Speaker shall call upon the senator who in the Speaker's opinion first rose; but a motion may be made that any senator who has risen "be now heard" or "do now speak".
28. A senator shall not speak more than once to any question or other matter before the Senate except in explanation of a material part of *his* speech in which *he* may have been misunderstood, and then *he* shall not introduce new matter.	28. A senator shall not speak more than once to any question or other matter before the Senate except in explanation of a material part of the senator's speech in which the senator may have been misunderstood, and then that senator shall not introduce new matter.
37. A senator called to order by the Speaker shall discontinue *his* remarks and may not speak further, except on the point of order, until the point of order has been decided.	37. A senator called to order by the Speaker shall discontinue speaking and may not speak further, except on the point of order, until the point of order has been decided.
39. A senator considering *himself* offended or injured in the Senate, in a committee room, or in any of the rooms belonging to the Senate, may appeal to the Senate for redress.	39. A senator considering himself or herself offended or injured in the Senate, in a committee room, or in any of the rooms belonging to the Senate, may appeal to the Senate for redress.

43. (1) When a senator wishes to give notice of an inquiry or a substantive motion, *he* shall reduce the notice to writing, sign it, read it from *his* place during a sitting of the Senate, and send it forthwith to the Clerk at the Table.

(2) A senator who intends to make a statement or raise a discussion on an inquiry shall as part of the notice under this rule give notice that *he* will call the attention of the Senate to the matter to be inquired into.

(3) Notice under this rule may be given by one senator for any other senator not then present, with the permission of the absent senator, by inserting the name of such senator on the notice in addition to *his* own.

44. (*b*) for an address to *His* Excellency the Governor General not merely formal in its character;

45. (2) Where a senator wishes to correct irregularities or mistakes in an order, resolution, or other vote of the Senate, *he* shall give one day's notice, and a correction shall not be made unless at least two-thirds of the senators present vote in favour of such correction.

49. (4) A senator is not entitled to vote on any question in which *he* has a pecuniary interest not available to the general public. The vote of any senator so interested shall be disallowed.

50. (1) A senator shall not vote on any question unless *he*— is within the Bar of the Senate when the question is put.

(3) With leave of the Senate, a senator may, for special reason assigned by *him* withdraw or change *his* vote immediately after the announcement of the division.

60. A senator shall not speak at a conference with the House of Commons unless *he* is one of the committee.

64. When the Senate is put into Committee of the Whole every senator shall sit in *his* place. A senator who desires to speak shall rise and address the Chair.

66. (5) The notice referred to in subsection (4) shall be signed:

(*a*) with respect to Government members, by the Leader of the Government in the Senate or any senator named by *him*, and

(*b*) with respect to Opposition members, by the Leader of the Opposition in the Senate or any senator named by *him*.

68. The Leader of the Government in the Senate, or, in *his* absence, the Deputy Leader of the Government, and the Leader of the Opposition in the Senate, or, in *his* absence, the Deputy Leader of the Opposition, are members *ex officio* in addition to the number of appointed members, of the Committee of Selection and all select committees of the Senate.

43. (1) When a senator wishes to give notice of an inquiry or a substantive motion, the senator shall reduce the notice to writing, sign it, read it during a sitting of the Senate from the place where the senator normally sits, and send it forthwith to the Clerk at the Table.

(2) A senator who intends to make a statement or raise a discussion on an inquiry shall as part of the notice under this rule give notice that the senator will call the attention of the Senate to the matter to be inquired into.

(3) Notice under this rule may be given by one senator for any other senator not then present, with the permission of the absent senator, by inserting the name of such senator on the notice in addition to the senator's own name.

44. (b) for an address to Her Excellency the Governor General not merely formal in its character;

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75. (2) Subject to subsection (1), a senator on whose motion any bill, petition or other matter is referred to a special committee may, if *he* so desires, be a member of the committee.

83. The Clerk of the Senate is authorized to pay every witness invited or summoned to attend before a select committee a reasonable sum for *his* living and travelling expenses, upon the certificate of the clerk of the committee attesting to the fact that the witness attended before the committee by invitation or summons.

83A. (1) A committee that has been empowered by the Senate to incur special expenses in respect of any matter referred to it by the Senate, shall not incur any such special expenses until the chairman of that committee, or a senator acting for *him*, has presented to the Committee on Internal Economy, Budgets and Administration a budget setting forth in reasonable detail estimates of its proposed expenditures for a specific period of time, and until the said budget has been approved in whole or in part by the latter committee.

(3) The Chairman of the Committee on Internal Economy, Budgets and Administration or a senator acting for *him*, shall, as soon as that committee has reached a decision concerning any budget or supplementary budget presented to it pursuant to this rule, report to the Senate giving the substance of the budget concerned and indicating the nature of its decision thereon.

87. (2) Petitions for private bills when received by the Senate shall be conside-red by the Examiner. When a petition is without defect, the Examiner shall so report to the Senate. When a petition is defective, the Examiner shall so report to the Committee on Standing Rules and Orders stating that in *his* opinion the petition is defective and specifying the nature of such defects, which shall be taken into consideration, without special reference, by the Committee on Standing Rules and Orders. The said committee shall study the report of the Examiner and report thereon to the Senate and shall recommend to the Senate the course to be taken in consequence of any defect.

104. (2) If the Senate grants leave, an officer, clerk or servant of the Senate shall attend before the House of Commons or a committee thereof, and a senator may attend if *he* thinks fit.

104. (3) Without such leave, a senator, officer, clerk or servant of the Senate shall not, on any account, under penalty of being committed to the Gentleman Usher of the Black Rod or to prison during the pleasure of the Senate, go down to the House of Commons, or send *his*— answer in writing or appear by counsel to answer any accusation there.

112. The Clerk of the Senate shall lay before the Senate on or before the thirty-first day of May or if the Senate is not then sitting within fifteen days after the commencement of the next session, a detailed statement of *his* receipts and disbursements for each fiscal year.

75. (2) Subject to subsection (1), a senator on whose motion any bill, petition or other matter is referred to a special committee may, if the senator so desires, be a member of the committee.

83. The Clerk of the Senate is authorized to pay every witness invited or summoned to attend before a select committee a reasonable sum for living and travelling expenses of the witness, upon the certificate of the clerk of the committee attesting to the fact that the witness attended before the committee by invitation or summons.

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112. The Clerk of the Senate shall lay before the Senate on or before the thirty-first day of May or if the Senate is not then sitting within fifteen days after the commencement of the next session, a detailed statement of the Clerk's receipts and disbursements for each fiscal year.

113. If for two consecutive sessions of Parliament a senator has failed to give *his* attendance in the Senate, the Clerk of the Senate shall report the same to the Senate and the matter of such vacancy shall be heard and determined by the Senate with all convenient speed.

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APPENDIX "C"

(*See p. 1449*)

STANDING RULES AND ORDERS

SIXTH REPORT OF STANDING COMMITTEE

WEDNESDAY, November 6, 1985

The Standing Committee on Standing Rules and Orders has the honour to present its

SIXTH REPORT

On October 9, 1985 a suggestion was made by the Honourable Senator Godfrey that your Committee consider an amendment to the *Rules of the Senate* whereby the government would table a comprehensive response to a committee report, if requested to do so by the Committee.

Pursuant to Rule 67(1)(*f*), your Committee met on October 24 to consider the matter.

Your Committee recommends that the *Rules of the Senate* be amended by adding, immediately after Rule 78(3), the following:

78. (3.1) Within 120 days of the presentation of a report from any committee of the Senate, the government shall, upon the request of the committee, table a comprehensive response thereto.

Respectfully submitted,

GILDAS MOLGAT,
Chairman.

THE SENATE

Thursday, November 7, 1985

The Senate met at 2 p.m., the Honourable Rhéal Bélisle, the Acting Speaker, in the Chair.

Prayers.

CRIMINAL CODE

BILL TO AMEND (LOTTERIES)—FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-81, to amend the Criminal Code (lotteries).

Bill read first time.

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

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

SEEDS ACT
CANADA GRAIN ACT

BILL TO AMEND—FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-64, to amend the Seeds Act and the Canada Grain Act.

Bill read first time.

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

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

CUSTOMS BILL

FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-59, respecting Customs.

Bill read first time.

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

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

PRIVATE BILL

EVANGELICAL LUTHERAN CHURCH IN CANADA—FIFTH REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE PRESENTED

Hon. Nathan Nurgitz, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, November 7, 1985

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

FIFTH REPORT

Your Committee to which was referred Bill S-5, intituled: "An Act to provide for the creation by amalgamation of the Evangelical Lutheran Church in Canada", has, in obedience to the Order of Reference of Tuesday, October 29, 1985, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Deputy Chairman

THIRD READING

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

Hon. H. A. Olson, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

THE ESTIMATES 1985-86

SUPPLEMENTARY ESTIMATES (B) REFERRED TO NATIONAL FINANCE COMMITTEE

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

That the Standing Senate Committee on National Finance be authorized to examine the expenditures set out in the Supplementary Estimates (B) laid before Parliament for the fiscal year ending 31st March, 1986, tabled in the Senate on 7th November, 1985.

Motion agreed to.

EXCISE TAX ACT
EXCISE ACT

NATIONAL FINANCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-80

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

> That notwithstanding Rule 67(1)(l), the Standing Senate Committee on National Finance be authorized to examine the subject-matter of the Bill C-80, intituled: "An Act to amend the Excise Tax Act and the Excise Act and to amend other Acts in consequence thereof", in advance of the said Bill coming before the Senate or any matter relating thereto.

He said: Honourable senators, the reason for moving that this bill be referred to the National Finance Committee rather than to the Banking, Trade and Commerce Committee is the heavy schedule now before the latter committee. By convention these tax bills are normally referred to the Banking, Trade and Commerce Committee and that is what is provided in our rules. The workload of that committee is such at the present time that it might be difficult to get this bill and Bill C-82 before it. The National Finance Committee has agreed to accept these bills and to do pre-studies on them. These bills are technical in nature and I am sure that honourable senators would like to have them pre-studied before we are submerged in the Christmas rush of legislation from the other place.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Doody consulted with us on this and we support his motion. Perhaps there has been a renumbering in the rules, but I understand the motion refers to rule 67(1)(l) while I would have thought that it would refer to rule 67(1)(k), which sets out the mandate of the Banking, Trade and Commerce Committee.

Senator Doody: I have been informed by the Table that there has indeed been a change in the lettering because an extra committee has been inserted, having the effect of moving all the letters down one.

Senator Frith: Then I guess we can expect a new sheet to insert into our rule book.

Senator Doody: I will refer that to the chairman of the Rules Committee. Is there a new sheet in transit?

Hon. Gildas L. Molgat: That is absolutely correct. A new committee has been inserted and the lettering is no longer accurate. The committee has been dealing with the reprinting of that page and we should have new sheets for you soon.

Motion agreed to.

PETROLEUM AND GAS REVENUE TAX ACT
INCOME TAX ACT

NATIONAL FINANCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-82

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

> That notwithstanding Rule 67(1)(*l*), the Standing Senate Committee on National Finance be authorized to examine the subject-matter of the Bill C-82, intituled: "An Act to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act", in advance of the said Bill coming before the Senate or any matter relating thereto.

He said: Honourable senators, the same explanation applies to this bill.

Hon. Royce Frith (Deputy Leader of the Opposition): Perhaps Senator Doody could explain to us why he picked the National Finance Committee instead of the Energy and Natural Resources Committee for this particular bill.

Senator Doody: I picked the National Finance Committee because the bill deals with taxation, and it seemed to me that a study by the National Finance Committee would be more appropriate than a study by the Energy and Natural Resources Committee. Obviously, that point is debatable. I am a member of both committees, so I have no prejudices. It is just that I thought the National Finance Committee would be more appropriate.

Hon. Lowell Murray: I do not know whether it applies to these particular bills, but I think the Senate should be aware that over the years the Standing Committee on Banking, Trade and Commerce has obtained budgetary authority for and has engaged the services of a tax lawyer and a chartered accountant to assist the committee on more complicated bills that come before us. If the services of those people are required by the Standing Committee on National Finance on these bills, some arrangement will have to be made either to transfer the budgetary provisions or to transfer the personnel to that committee for that purpose.

Senator Frith: Honourable senators, Senator Murray's point is well taken. I assume that one of the hurdles, if there are any hurdles to doing so, will not be an objection from the Chairman of the Banking, Trade and Commerce Committee to the transfer of those budgetary figures.

Senator Murray: Absolutely not.

Senator Doody: You are a very co-operative gentleman and we appreciate your offer very much indeed.

Senator Frith: We are touched.

Motion agreed to.

• (1410)

BUSINESS OF THE SENATE

ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday, November 19, 1985, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday—

I have two dates here, November 19 and November 26.

Senator Doody: November 19.

The Hon. the Acting Speaker:

> —November 19, 1985, at two o'clock in the afternoon.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I thank his honour the Acting Speaker for unwittingly giving me a good introduction to a comment that I would like to make on the motion. The motion provides for our returning on the Tuesday that follows the return of the House of Commons after the break it normally takes in November, and is taking this year, pursuant to its own rules.

We do not have any specific rules matching those in the House of Commons, but we have traditionally adjourned for the week that they take and also the following week. The rationale has been that since the House of Commons is off for that week—and honourable senators will recall that according to their rules, they also take two or three weeks in December and January, with another break in February, and still another at Easter. In all of those cases, as I recall, when I was responsible for the adjournment motions in such circumstances, we always took the following week as well because of the fact that the House of Commons would not be producing any legislation for the Senate during those two weeks.

I hope that my proposal that we adjourn until November 26 will be isolated from our discussions concerning sitting only when we have a block of work to do. That is an ongoing discussion. We have had private discussions about it and we have debated it, and I believe we will continue to discuss and debate it.

What I am proposing now has no connection with those suggestions. It is based rather on the tradition that we have followed since the House of Commons has adopted those rules. It is my recollection that we have always done what I am now proposing, but rather than leave it to my recollection, I have asked that the decisions that we have taken in the past be researched, and I hope to have them shortly.

May I suggest that we stand this motion until the end of today's proceedings, and if I am able to produce the precedents and thereby persuade honourable senators that an adjournment to November 26 would be both feasible and traditional, we can then deal with the motion and perhaps amend it to read to November 26 if honourable senators are persuaded that it would be acceptable to do so.

The Hon. the Acting Speaker: May I ask the Deputy Leader of the Opposition whether he wants to adjourn the debate until later this day?

Senator Frith: My only hesitation is that I am not absolutely sure of my ground on the debatability of a motion to adjourn. Therefore I would rather suggest that we continue our comments later and that the item stand rather than have it appear that I am adjourning the debate.

Senator Doody: Honourable senators, that seems to be the most reasonable approach. If Senator Frith can show us that there is, indeed, a precedent, I am sure that honourable senators would be reluctant to refuse the opportunity to take another week off. I am reluctant to suggest it because we do have some legislation on the way.

Senator Frith: It is to uphold tradition.

Senator Doody: Yes. Far be it from me to fly in the face of hallowed tradition, and I am sure that honourable senators would agree with that step. I trust that we are not establishing or defending a principle that we are entitled to a week longer than the House of Commons—and that may very well be a tradition as well.

Senator Frith: No one would interpret it in such a malicious way.

Senator Doody: I am certainly glad to hear that. We have a substantial amount of work before the committees, and I have been told by several chairmen that they have a full schedule planned for the week of November 19. Whether or not we decide on November 26 as the date on which we return, I want to remind honourable senators that these committees will be working whether the Senate sits or not. These discussions that we have been having from time to time about the sittings of the chamber in no way interfere with or detract from the committee system which will be working full time during that period.

The Hon. the Acting Speaker: Honourable senators, is it agreed that this motion stand until later this day?

Hon. Senators: Agreed.

Motion stands.

QUESTION PERIOD

[*English*]

CANADIAN BROADCASTING CORPORATION

EFFECT OF BUDGET REDUCTIONS

Hon. Dan Hays: Honourable senators, my question to the Leader of the Government in the Senate arises out of recent reports of statements made by the President of the Canadian Broadcasting Corporation to the effect that the budget cuts provided for in the last federal budget, amounting to $60 million in 1986-87 and $200 million more in the next four years, may destroy the CBC. The President of the CBC said that while the $60 million cut alone may not destroy the CBC, it would certainly damage it very seriously. These reports remind me of statements made by Mr. Masse, the former Minister of Communications, at the time of earlier cuts in the CBC budget announced by the government, to the effect that he would press for allocations from departmental budgets to be spent in the cultural area. Mr. Masse said that these would assist in government allocation of spending on cultural policy.

My question is: Is this still an initiative of this government under the auspices of the Acting Minister of Communications, Mr. Bouchard, and has anything transpired in this area in terms of allocation of departmental budgets to assist in the development of cultural matters, and by that I mean programming on the CBC?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can give my honourable friend the figures that have already been quoted in relation to government support for the CBC. The amount is $850 million in the current fiscal year, while it was $825 million in the previous fiscal year. Therefore, there is a substantial degree of public support already being provided. I agree with those who think that Mr. Juneau's apprehension is, perhaps, exaggerated.

I would remind my honourable friend that there is a special study being made of the CBC under the chairmanship of Mr. Gerald Caplan and an associate co-chairman, whose name escapes me at the moment. This study will be dealing with the very matter that he describes. I would like to withhold any positive comment on that until we are a little further along in the process.

Respecting the direct question he asked me, I have to tell him that I do not have that information.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a supplementary. I understand why the Leader of the Government might not have the answer to the specific question. Is it a correct inference that he will try to get an answer for us as to whether that policy announced by Mr. Masse is, at least, still alive and has not been changed? It is a rather interesting proposal and an important policy declaration by the government and is one that I support, that is, the idea of other departments who benefit from the CBC allocating part of their budget to the CBC. It may be that the Leader of the Government can tell us that it is open and that it is under consideration by the committee, which would then link the two parts of his answer quite satisfactorily, in my view.

● (1420)

Senator Roblin: Yes; that is, the statement made by the former minister is still the policy of the government. But I rather got the impression from my friend that he wanted to know what has been done about it. That is the point on which I do not have the information. I will make some inquiries and perhaps I can get some further information. However, I think that it is probably now influenced, at any rate, by the Caplan report we expect quite soon.

Senator Frith: Could the Leader of the Government remind me of one aspect of the Caplan committee's mandate that I have forgotten? The government, quite understandably, is dealing with questions relating to the CBC in particular and to broadcasting in general by reference to the study that this committee has undertaken. Is there a date set—I hope that the government leader will not say "soon"—for the committee's report? If not, can the government leader give us a more general idea of when that committee expects to report?

Senator Roblin: In the vocabulary used in answers to questions, the term "soon" is appropriate in this case. My recollection is that the committee will report before the end of the year.

Senator Frith: Has it completed its hearings?

Senator Roblin: I think that it has and that the members are writing their report, but I must confess that I am relying on my memory. I will try to provide a more exact answer to my friend's question soon.

AGRICULTURE

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ASSISTANCE

Hon. H. A. Olson: Honourable senators, the Prime Minister is reported to have made a statement recently in Edmonton to the effect that there would be an announcement about a program to deal with the drought in western Canada "soon." I think he qualified that statement by saying that it would be made as soon as matters are worked out with the provinces. Could the Leader of the Government add some precision to the bare bones that we have been given from the news media to indicate the nature of the proposals that are being worked out with the provinces?

The reason I have asked my question in that way is that the provinces have already announced that they are administering some programs with respect to this matter. We would hope to avoid the problem that Senator Argue discussed a few days ago; that is, that after the provinces had announced the assistance program to retain brood cow herds and invited the federal government to participate in it, they simply took the money into their treasuries. I am not sure how much money was involved, but I think it was $30 per cow; I do not know what was done with it, but the provinces did not increase the

payment to the producers by the amount that the federal government had offered to contribute to that program.

Hon. Duff Roblin (Leader of the Government): I am interested that my honourable friend has raised the point. I thought that it had been beaten to death yesterday, but evidently it had not. The Prime Minister was able to say what I did not feel easy about saying, and that is that part of our problem with the announcement has been the fact that other levels of government are concerned. It is necessary to concert our effort with theirs if we expect them to co-operate, and that is what we have been doing.

To the best of my knowledge, the plan, which is in its final stages, I am glad to say, will be in addition to whatever else is being done by anyone else. That is my information at the present time and I believe it to be correct. The Prime Minister's use of the word "soon" is, perhaps, a little closer to the mark than mine was a month ago, because I think it will be, indeed, soon.

Senator Olson: Honourable senators, I have a supplementary question for clarification. The Leader of the Government has said that whatever financial assistance is offered by the federal government will be in addition to what the provinces have announced. Does this mean that, if there is a federal brood cow support program offered to the province of Alberta, for example, it will be in addition to the $75 per head that has already been offered by that province?

Senator Roblin: Honourable senators, my friend is really trying to encourage me to say what is in the plan, and of course that I cannot do. I must wait until the plan is made public.

Senator Olson: Perhaps the Leader of the Government could help us a little, though. He did already offer, I think, that the Prime Minister's use of the word "soon" was probably a little more accurate than his was six or seven weeks ago. Could the Leader of the Government be a little more precise than that? Are the producers to be expected to wait another week, two weeks or a month, or can he help us to interpret what the Prime Minister means by the word "soon"? I hope it indicates a little shorter period of time than he had in mind when he used that term in September.

Senator Roblin: My honourable friend had a glorious opportunity yesterday to furnish us with his views on this entire matter, and I want to assure him that his opinions have not escaped my notice.

NATIVE PEOPLES

TREATMENT OF LOUIS RIEL AND MÉTIS—GOVERNMENT POSITION

Hon. Stanley Haidasz: Honourable senators, I have a question for the Leader of the Government in the Senate. In view of the fact that November 16 next will be the 100th anniversary of the hanging of Louis Riel, is it the intention of the federal government to issue a statement on that occasion and to announce any steps that it may be taking to redress any wrongs that were committed against Louis Riel and against the Métis people, especially in connection with the lands along the Red River and the Assiniboine River which were granted to them under the Manitoba Act of 1870?

Hon. Duff Roblin (Leader of the Government): I shall not attempt to debate that very interesting question in the context of the Question Period.

AUDITOR GENERAL

REPORT FOR FISCAL YEAR ENDING MARCH 31, 1985—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. Jean-Maurice Simard: Honourable senators, I give notice that on Wednesday, December 4, 1985, I will call the attention of the Senate to the Report of the Auditor General of Canada for the fiscal year ended March 31, 1985, tabled in the Senate on November 5, 1985.

INTER-PARLIAMENTARY UNION

SEVENTY-FOURTH ANNUAL CONFERENCE, OTTAWA, AND SPRING CONFERENCE, LOMÉ, TOGO—NOTICE OF INQUIRY

Hon. Peter Bosa: Honourable senators, I give notice that on Tuesday, the 19th November, 1985, I will call the attention of the Senate to the Seventy-fourth Conference of the Inter-Parliamentary Union which was hosted by Canada in Ottawa from 2nd to 7th September, 1985, as well as to the spring Conference which took place in Lomé, Togo, from 25th to 30th March, 1985.

STANDING RULES AND ORDERS

FOURTH REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the Fourth Report of the Standing Committee on Standing Rules and Orders, which was presented on Wednesday, November 6, 1985.

Hon. Gildas L. Molgat moved that the report be adopted.

He said: Honourable senators, yesterday when I presented the reports of the committee, I presented three separate reports. At that time I asked that they be printed in the *Minutes of the Proceedings of the Senate* and you will find them in your *Minutes of the Proceedings of the Senate* of today. The reason that the committee recommended that we make three separate reports, rather than one, was that they thought it would be better if the Senate had the opporunity to debate each item separately since each was a report on an entirely separate subject. In that way, the Senate could express its opinion separately on each one. You will, therefore, find the one under debate now at page 790 of the *Minutes of the Proceedings of the Senate.*

• (1430)

Before I proceed with my comments insofar as this particular report is concerned, may I encourage honourable senators

to read in particular the next report—that is, the fifth report—regarding the use of the genders in our text. This is a rather complicated subject and there are some problems as between the French text and the English text. I hope that honourable senators will give that careful reading so that when we finally adopt those gender changes and have them printed in the *Rules of the Senate* we will have an updated and appropriate consensus of what it is that the Senate wants.

Dealing now with what is before us, honourable senators will recall that we had a debate on the Royal Assent ceremony some three years ago, but we did not come to any conclusions at that time. There were some excellent speeches made, but no final decisions were arrived at.

More recently, the House of Commons, in a study of its own rules, made specific recommendations to keep the current structure and to implement a new structure. Our committee looked at those recommendations carefully, and also looked at the historical context.

Historically, of course, the reason there is Royal Assent is clearly set out in the Constitution Act, 1982, which, in this case, repeats the British North America Act, 1867 which sets out in section 9 that:

> The Executive Government and authority of and over Canada is hereby declared to continue and be vested in the Queen.

Then, in section 17, under the heading "Legislative Power", the following appears:

> There shall be One Parliament for Canada, consisting of the Queen, an Upper House styled the Senate, and the House of Commons.

Clearly, there are three levels of authority at the legislative level. Royal Assent then emanates from that, but the only other references to Royal Assent come in sections 55, 56 and 57, where the statement is made that "Bills must receive Royal Assent." But nowhere is there any statement as to how Royal Assent is to proceed. There is no law, no act; it is merely a customary practice that we follow. The practice that we follow, as all honourable senators know, is that it is always held here, always in the presence of Her Majesty, or Her representative, the Governor General, or the Deputy of the Governor General, which is the normal case.

The proposal that has been made is that we not abandon the current procedure but that we find an alternative procedure, one which would be simpler. That, in essence, is what the committeee recommends.

The committee recommends a set of principles largely based, by the way, on the speeches that were made in the Senate some three years ago on this subject. The basic principles are that it be an alternative method; that the present method be used at least once each year so that it will not fall into disuse—so there would be forced retention; that either method could be used in any case at the request of either house or at the request of the Governor General; that in general terms the new procedure always involve representatives from both houses; that it be public, on the principle that this is the final enactment of the law and the citizen has the right to be present if he so wishes; and that the subsequent declaration of Royal Assent be reported in both houses. That would then complete the cycle.

Then the problem, of course, arises as to how we accomplish these changes. Senator Frith, in his comments of some three years ago, set out clearly various options that were before us in this regard. The first option was an amendment to the Constitution. The second option was the passage of an act which is, by the way, what was done in Great Britain where they now have an alternative system. The third option was a joint resolution of both houses, and the fourth option was to simply let it happen, which is apparently what happened in Australia where the formal system has fallen into disuse.

Your committee, on looking at this, recommends that it could be done by resolution of the two houses. Your committee, in the process of discussions, asked me to meet with Her Excellency, the Governor General, as a matter of courtesy so that she would know that these discussions were taking place because she is, after all, an essential party to the process. I did visit with her. I informed the Leader of the Government in the Senate at that stage of the recommendations of the committee, and I did meet on two occasions with Her Excellency, the Governor General, to outline the thinking of the committee so that she would know about the subject. I did not ask her for a decision because that was not my role; that was purely a courtesy the committee asked be extended to her. So, the Governor General is aware of the discussions.

The suggestion, honourable senators, is that we adopt the report—the principles are broad enough, I think—and that we then proceed to establish a committee or an individual to commence discussions with the House of Commons. Their proposal is somewhat different from ours, but I think that there is enough common ground that we can arrive at a suitable compromise so that we can make this change, recognizing the importance of the historical procedure which would be retained, but permitting a new and more modern, more rapid procedure, which could be used at other times.

I recommend the adoption of the report.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I wonder if I can have some clarification of the recommendation in paragraph No. 3, in which reference is made to representatives of the Senate meeting with representatives of the House of Commons to draft a resolution covering the subject. At the end of that sentence, it says, referring to what was proposed, "as described in this Report." It seems to me that you are limited to what is described in this report, yet we know now that the House of Commons may not have exactly the same plan in mind. This means, I suppose, that it will be necessary to come back to the Senate if there is any variation from the report, or does the committee consider that the language is sufficiently broad to enable the committee to come to some understanding with the House of Commons with respect to the matter so that a final report could be submitted to both houses when an agreement is reached?

Is that possible, or will you need another reference from the chamber in order to accommodate any differences of opinion?

Senator Molgat: If I interpreted correctly the views of the members of the committee—and a number of them are present—on the matter of the three principles outlined in paragraph No. 3, senators were of the view that those were established principles, and that they did not want deviation from the principles in those cases. That is what the words "as described in this Report" mean.

The same view was not taken with regard to the method by which it might be done; that is, whether it might be done by joint resolution. That was not as fixed, but regarding those other three items, my recollection is that if there were to be variations then the committee should come back to the Senate for a further reference.

Senator Roblin: I thank my honourable friend because he has interpreted it as I have read it. I think that is the meaning of the report, but, in view of that fact, I should like to move the adjournment of this debate so that the wording may receive further consideration.

• (1440)

Hon. Henry D. Hicks: Honourable senators, before the motion for the adjournment of the debate is put, may I have an opportunity to make a few remarks?

Senator Roblin: I would be most happy if any other senator who wishes to speak today would do so.

Senator Hicks: Frankly, I am not all that happy with this idea that we should abandon the traditional process of granting Royal Assent to bills. It seems to me that the ceremony of calling the members of the other place to the bar of the Senate, propounding the legislation and then giving Royal Assent to it is not a bad idea at all, and I do not think we should abandon it lightly.

I think, when it comes to voting on the acceptance of this report, I will probably vote against it.

Perhaps I am old-fashioned, but I do think there is a good deal of value in traditions that have governed our proceedings for more than 100 years. I do not think the inconvenience of the procedure of Royal Assent which we now follow is great enough to warrant changing it and having a couple of people call at Rideau Hall so that Royal Assent may be given. I think we should carefully consider whether we want to abandon a practice which makes a rather nice ceremony, one which I, for one, have always enjoyed and which even such a distinguished member of the House of Commons, who is so antagonistic to the Senate, as Stanley Knowles has always been faithful in attending. Frankly, I do not see the necessity for all this fuss at all.

Some Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Opposition): I should like to ask Senator Hicks if he understands that, when he uses the word "abandon," he realizes that the recommendation is not the abandonment of the traditional but the availability of an alternative.

[Senator Roblin.]

Senator Hicks: I listened carefully to what Senator Molgat said and I realize that the traditional procedure would still be available, but I suspect that, if we make a change, that procedure will not be resorted to very often. It seems to me that we will lose a ceremonial tradition which I, for one, appreciate.

Some Hon. Senators: Hear, hear.

Hon. John B. Stewart: Honourable senators, I find myself in agreement with Senator Hicks.

Traditionally, as the law and the Constitution state, there are three parts to Parliament. It is true that, for one reason or another, the House of Commons is becoming more and more dominant in that triad. It would be unfortunate if the role of Her Majesty in the Constitution should be reduced inadvertently.

If someone wants to propose that we have a well-ordered republic in Canada, then that is considerable; but, we are not talking about that. We are talking about incremental change which is all in one direction, in the direction of a unicameral republic, and I think there are many senators who would not applaud that direction.

Consequently, I agree with Senator Hicks, especially when I read that Royal Assent is given at a "ceremony." That is the word used in the report. I realize that it has a distinct ceremonial aspect, but, surely, we have not yet reached the point where it is merely a ceremony.

Therefore, I will be joining with Senator Hicks. I hope we will not be standing alone.

Some Hon. Senators: Hear, hear.

[*Translation*]

Hon. Jean Le Moyne: I hope we will have further opportunities to discuss a matter I think is a very serious one, especially in the light of what was said by Senator Stewart. It represents an erosion of the constitutional monarchy by which we are governed. It is an erosion of a ritual I still consider to be essential, because our psychological make-up has not developed to the point where we can do without.

I would like to know whether we will have another chance to discuss the matter.

[*English*]

Hon. Frederick W. Rowe: Honourable senators, if we are to accept the statements that have been made during the past year or so with regard to the possibility of Senate reform, then I think we should not start making reforms piecemeal, and that is what is being proposed. Really, this is a minor reform of the functions of the Senate.

I think it would be logical for us to adopt a policy of waiting until the major reforms are introduced, and, at that time, we can consider, debate and, possibly, adopt what is now being proposed. At any rate, we will be dealing with it one way or another.

I suggest, therefore, that this be postponed until we know what is going to happen with regard to major reforms of the Senate.

On motion of Senator Roblin, debate adjourned.

[*Later*]

Senator Roblin: Honourable senators, I may have missed something. Did Senator Molgat move the adoption of the sixth report of the Standing Committee on Standing Rules and Orders?

Senator Molgat: Honourable senators, I requested the standing of both the fifth and sixth reports because the fifth report is somewhat complicated. There are some problems with translation, and there is a problem of how we deal with the question of gender. I wanted to give the committee a little more time to study this.

With regard to the sixth report, Senator Godfrey, who was very much involved in proposing this, is not here, and I would rather make the presentation when he is in the chamber.

Senator Roblin: I have something to say about that one, too.

[*Translation*]

THE ESTIMATES 1985-86

ADOPTION OF NINTH REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A)

The Senate proceeded to consideration of the Ninth Report of the Standing Senate Committee on National Finance (Supplementary Estimates (A) 1985-86), which was presented in the Senate on 29th October, 1985.

On motion of Senator Leblanc (Saurel), report adopted.

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONSIDERATION OF THIRD REPORT OF STANDING JOINT COMMITTEE

The Senate proceeded to consideration of the Third Report of the Standing Joint Committee on Regulations and other Statutory Instruments (Statutory Instruments No. 30), which was presented on Tuesday, October 29, 1985.

Hon. Nathan Nurgitz: Honourable senators, I trust I will not keep you long in the consideration of the third report of the Standing Joint Committee on Regulations and other Statutory Instruments. I thought I would just take a brief moment to remind honourable senators that this report is unlike the report of any other committee in Parliament in that every other committee comes to tell you about its successes. This committee only reports its ultimate failures. That is the only purpose of the report. Let me begin by saying that when the committee considers that there is something wrong with a regulation, because it does not meet any of its 15 criteria which have been approved by Parliament, it attempts to deal with the department concerned. When it fails in that, it attempts to deal with the minister or the head of the agency and if it still fails to succeed, it has only one means at its disposal and that is to table a report in Parliament, a form of embarrassment or exposure to the light, if you like, of the problem the committee saw. This committee has virtually hundreds—I was going to say thousands but that might not be right—of successes every year in convincing departments and/or ministers that there are errors in their ways.

The committee's purpose in presenting these reports is not to tell you about its hundreds of successes but to attempt to clean up regulations which we all know the bureaucracy of this and every other government loves to use as a law making authority. So we come to you with these reports only to indicate that something is wrong and that we cannot get it corrected.

One of the matters that has appeared for some time and on which we have been unable to obtain a correction is the one dealing with the Patents Act, which is the subject matter of the third report. This particular report deals with the keeping of the register of patent agents, those persons entitled to represent applicants for patents before the patent office. In addition, there are the various rules to be complied with in order to gain qualification as a patent agent. The Patent Act clearly outlines in subsection 15(2) that the Commissioner of Patents is to make regulations governing the registration of patent agents. That is the delegating authority in the act. The Standing Joint Committee on Regulations and other Statutory Instruments has concluded that the enactment of certain rules by the Governor in Council, not the Commissioner of Patents, is *ultra vires*. That is, it has been made by someone other than the person who rightfully exercises Parliament's delegated authority. Having brought this to the attention of the Department of Consumer and Corporate Affairs, the minister of that department has advised us that the Department of Justice has given to him an opinion indicating that sections 153 to 156 of the Patent Rules were validly enacted and, accordingly, *intra vires*.

According to our committee that is not so. Without taking the time of this chamber to explain the various legal opinions expressed, first, in the Department of Consumer and Corporate Affairs then in the Privy Council Office and ultimately in the Department of Justice, the committee was still of the view that this matter was *ultra vires* of the authority and, accordingly, the minister, refusing to act, left your committee with no other alternative but to report this matter to both houses of Parliament. The subject of this third report is a small matter to some but a matter of considerable principle to the committee.

The Hon. the Acting Speaker: Honourable senators, if no other senator wishes to speak to this order, it is considered debated.

CONSIDERATION OF FOURTH REPORT OF STANDING JOINT COMMITTEE

The Senate proceeded to consideraton of the Fourth Report of the Standing Joint Committee on Regulations and other Statutory Instruments (Statutory Instruments No. 31), which was presented on Tuesday, October 29, 1985.

Hon. Nathan Nurgitz: Honourable senators, I will be even shorter in dealing with the fourth report than I was in dealing with the third report. The process is the same as I described in dealing with the third report, namely, that up to the present

moment the joint committee reviewing the regulation and coming to the conclusion that the regulation was *ultra vires* in this case of the Canada Shipping Act, had no other alternative but to report the matter to both houses of Parliament. I should also mention that, although both the third report and the fourth report deal with regulations that in the opinion of the committee are *ultra vires*, there are other criteria, such as breach of the Charter of Rights and Freedoms and other reasons, for refusing to pass on the instrument or the regulation.

With regard to the fourth report, about the Canada Shipping Act, the process involves several years of dealing with the department and ultimately with the minister. The purpose of this regulation is to restrict the quantity of oil that may be carried on board oil tankers in the waters within Head Harbour Passage, New Brunswick. The joint committee was of the view that it was not within the power of the statute to limit this regulation to a particular body of water. That is, there is authority to pass all kinds of regulations saying how much or how little can be contained in a single vessel, but the statute indicates that it can only be passed in very general terms and cannot specify particular areas; the purpose being that otherwise there would be a discrepancy in various regulations passed. Without getting into the detail, the Shipping Act clearly indicates that regulations made thereunder are to apply to all Canadian waters south of the 60th parallel of north latitude and to all Canadian waters north of the 60th parallel of north latitude that are not within the Shipping Safety Control Zone prescribed pursuant to the Arctic Waters Pollution Prevention Act. There are some other exceptions that do not apply to this particular case.

I should point out that there is tabled in the other place Bill C-75 which would significantly alter the existing legislation and would probably, if passed, alleviate the need for this report. In fact, we would not make the fourth report if the bill were passed into law. However, the bill is not law at the moment and the joint committee believes that it could not in each instance wait for corrective legislation, that it was still necessary to point out to Parliament what the committee believes to be an *ultra vires* regulation.

Another very fundamental problem raised by the fourth report is one that arises from time to time, and that is the disclosure of a legal opinion given to a particular department or minister. In this particular case, on each occasion when the joint committee requested the legal reasoning for the use of regulation in this matter, both the former minister and the present minister responded by saying that he was not obliged to disclose a legal opinion given to him by the Department of Justice. The joint committee is of the view that a mere statement that a minister or department is acting within its rights is supported by an opinion of the Department of Justice is not satisfactory. The joint committee cannot operate and carry out its function without knowing the reason or reasons for any particular course of action.

As honourable senators will note, the fourth report of the joint committee explains an understanding that was reached in 1977 between the Minister of Justice of that day and the committee of that day, in which a particular minister would be required to give a reasoned position, and it was certainly believed that such could be done, without disclosing the precise legal opinion of the Department of Justice. That in essence is a brief summary of the fourth report.

[The Hon. the Speaker.]

The Hon. the Acting Speaker: Honourable senators, if no other senator wishes to speak to this order, it is considered debated.

● (1500)

REMEMBRANCE DAY

"LEST WE FORGET"

Hon. Jack Marshall: Honourable senators, since this is the last sitting before Remembrance Day, may I be permitted to pay tribute to our veterans?

Hon. Senators: Agreed.

Senator Marshall: Honourable senators, on Remembrance Day many of us will meet before big city cenotaphs and village monuments. This will happen all across the country. We will have the opportunity to honour the memory of over 110,000 Canadians who are buried in graves in far-off places, places where once fierce battles raged.

It is now 70 years since the first of our veterans died serving their country. In 1915 our young troops, newly arrived in Europe, were called upon to hold the line at Ypres and St. Julien. It was a bloody baptism. Over 6,000 Canadians were killed within 48 hours. Like all armies, we were to learn that such slaughter was routine in the First World War.

Later came the battle of the Somme, the glorious Canadian victory at Vimy Ridge, Arras and Passchendaele. The Canadian Corps earned such a high reputation that it was selected to lead the Allied attacks in important battles. Above them, Canadian pilots proved that the aircraft indeed had a place in warfare, and out of the top 21 Allied aces, 10 were from Canada.

It is significant that at this present moment we are defending the heroism of Billy Bishop, on a motion presented by Senator Molson, which indicates that so many years after the wars we still hold dear the heroes of our country.

Remembrance Day became a treasured date in the calendar in tribute to the many millions who died in the First World War. Canada had much to commemorate. One tenth of our population joined up in the three services. Over 66,000 men and women were killed. Many returned home badly disabled, nearly 2,000 were blind, and another 3,500 had lost an arm or a leg.

The National War Memorial in Ottawa was erected in their honour, to honour those Canadians who had fought in "the war to end all wars".

Regrettably, other generations of Canadians were also to be asked to defend freedom around the world. Again, in the Second World War, almost one in ten Canadians put on a service uniform. From Dieppe to Hong Kong, Canadian sol-

diers were in the thick of the heaviest action. Our sailors escorted the convoys on the perilous North Atlantic runs, and our airmen flew in the Battle of Britain and distinguished themselves on unceasing bombing missions.

Again, the human cost of war touched all parts of our nation, when some 45,000 Canadians were killed and another 55,000 were wounded.

Almost before the country had time to relax in the joys of peace, the call for volunteers went out again; and this time Canadians served under the United Nations in the 1950-53 Korean War, when over 26,000 Canadians fought to preserve international order and 516 of them died doing so.

Today, honourable senators, there are roughly 675,000 Canadian veterans, and there are less than 25,000 survivors of the First World War still alive in Canada. The average age of our Second World War veterans is over 65.

November 11 is a day to remember their faith and courage. They risked their lives so that strangers in other lands could have the chance to decide their own future, and they made sure that repression and dictatorship never reached our shores.

Honourable senators, our government is continuing to erect memorials in the national parks of Canada, and I believe it is significant to end up with these words that are inscribed on those monuments:

> They will never know the beauty of this place, see the seasons change, enjoy nature's chorus. All we enjoy we owe to them, men and women who lie buried in the earth of foreign lands, and in the Seven Seas.

Hon. Senators: Hear, hear.

Hon. Henry D. Hicks: Honourable senators, it would be presumptuous and unnecessary for me to try to add to the eloquent remarks that Senator Marshall has placed on our record, but I believe that someone from this side should indicate our total agreement with the sentiments that he has expressed; and I rise to do that. Earlier this year I had the opportunity, at the time of celebrating the anniversary of the liberation of Belgium, of visiting battlefields in Belgium, Holland and France. The sacrifices of our men and women were displayed to us, and I should pay particular tribute to the Newfoundlanders, so many of whom gave up their lives in what must have been one of the most futile military operations since the charge of the Light Brigade. Certainly Newfoundlanders can be proud of their sons who fell, but we should be ashamed of the kind of military command that brought about that catastrophe. I commend what Senator Marshall has placed on our record.

• (1510)

[*Translation*]

Hon. Paul C. Lafond: On this occasion, honourable senators, I think it would be fitting to say a few words in French in this chamber.

So many Canadians served to protect their country and their fellow citizens! They were not all killed, they were not all wounded. A good many of them devoted three, four or five years of their life which would otherwise have been spent serving their fellow Canadians in a common cause.

Remembrance Day. Let us all say: "I remember." Each passing year there are fewer and fewer of us who had the opportunity and duty to serve under such circumstances.

Hon. Eymard G. Corbin: Honourable senators, I too must rise today to pay tribute to the valiant Canadians who died on the battlefields.

Like many of my colleagues I have had several opportunities to visit our World War I and World War II military cemeteries in Europe.

A few months ago I took my family there and I must say that I am deeply touched by the emotion expressed by Canadian youths who did not have to live through such harrowing and hellish moments.

In his considerate remarks, Senator Marshall referred to the Bill Bishop incident. I would like to draw the attention of honourable senators to the fact that attempts are being made to do away with chaplain services in veterans' hospitals and replace them with contract personnel, if I may put it that way.

At least that is the news we heard last night on television. I think it is a bureaucratic proposition which borders on indecency, and I will tell you why.

Those people were wounded in wartime, they lived through the hell of armed combat and the adverse circumstances which such human conflicts bring to mind, and they will forever be deprived of what little hope they may have on earth.

Those chaplains probably are their most precious link with faith. What else is left for them in this world? Some gave their life, others their limbs and the best of themselves. Some may think that the spiritual needs of veterans can be adequately met by providing for someone to visit them from time to time.

I strongly object to this kind of proposition. Military chaplains and others who serve our veterans know very well the concerns of those generous Canadians.

I think we would break the most basic rules of civility if we deprived our veterans of the spiritual advisors they need so very much to stand the sometimes cruel reality of their lives.

Now, more than ever before, they probably need these spiritual advisors who have supported them all during their lives.

As we are nearing Remembrance Day, I ask the Government to reconsider the action it is about to take and to keep the services of these chaplains, so that in their later years these veterans do not feel singled out by an insensitive bureaucracy.

I do not deny that, on many occasions, DVA employees have gallantly fought for the rights of veterans, but on the issue I am raising today, I think they are wrong.

Let us spend the week-end and Remembrance Day thinking about this issue.

• (1520)

LOUIS RIEL

HUNDREDTH ANNIVERSARY OF HANGING—DEBATE ADJOURNED

Hon. Joseph-Philippe Guay rose pursuant to notice of Tuesday, November 5, 1985:

> That he will call the attention of the Senate to the 100th Anniversary, on November 16, 1985, of the hanging of Louis Riel.

He said: Honourable senators, I wanted to draw your attention today to the 100th Anniversary on November 16 of the hanging of Louis Riel, since the House of Commons and the Senate will not be sitting next week.

A knowledge of our country's history is essential if we are to understand the present and plan intelligently for the future. How can we, as a people, know where we are going if we don't know where we come from?

Those who take the trouble to study our history will discover a continuity and a sense of direction: the will to remain true to ourselves and to take the path that leads to full fruition of our nation.

The year 1985 marks the 100th anniversary of a major event in history that must be considered in any analysis of the development of French Canada, from the time the yoke of confederation was imposed on us in 1867, and I am referring to the hanging of Louis Riel in Regina on November 16, 1885.

> Riel, our brother, died as a victim of his dedication to the cause of the Métis, whose leader he was, and as a victim of fanaticism and treachery.

Why do the words said nearly 100 years ago by Honoré Mercier, a future Quebec premier, still arouse certain feelings in us, the words he spoke at what has been described as the biggest demonstration in the history of Canada? What was it at the time that made nearly 50,000 people, in a city of less than 150,000, gather on the Champ-de-Mars in Montreal? Why did the execution of an outlaw, thousands of kilometers away, arouse in the hearts of people known for their respect for established authority, a surge of anger that upset a political team, invulnerable up to then, and that was a portent of its imminent fall from power? Why has Louis Riel remained the kind of figure whose hanging 100 years ago we cannot forget?

Riel was not one of those men who are successful and honoured during their lifetime and who are remembered after their death by subsequent generations. He was neither prime minister of Canada nor premier of a province, he was not a governor or a famous archbishop or a captain of industry. He is described in our history books as a rebel and a recidivist. In other words, an outlaw. He stood in the way of progress in the West, and his life ended ignominiously on the scaffold. In a country where considerations of peace, order and good government have always had the upper hand, those were not exactly the best qualifications for becoming a national hero. In that case, what mysterious solidarity caused a future prime minister of Canada, Sir Wilfrid Laurier, to say in the days following the execution of the rebel:

> If I had been on the shores of the Saskatchewan River, I too would have taken up arms!

What institutional guilt caused the Canadian Government to issue a stamp honouring Riel in 1970, when the then Prime Minister Pierre Trudeau said solemnly:

> We must never forget that in the final instance, a democracy is judged by the way it treats its minorities. Louis Riel's struggle has not yet been won.

Riel became the symbol of a linguistic and cultural minority whose rights to survive were for a long time ignored and are still threatened; a symbol also of pioneers anxious to keep their freedom and their intimacy with nature, and struggling to prevent civilization from upsetting their way of life. Riel was certainly not a saint. His mental stability and political judgment have rightly been questioned. If we celebrate his memory, it is nevertheless because the fight to which he devoted his whole life largely remains ours today.

Louis Riel was born on October 22, 1844, in the Red River Settlement. He was baptised by Bishop Provencher on the same day in the Saint-Boniface Cathedral. His father and namesake, as well as his mother Julie Lagimonière, were both French Canadians, but Riel inherited Indian blood from his maternal grandmother. He was the first born in a family of 11 children.

Son of a local community leader, the young man quickly gained the attention of Bishop Taché of Saint-Boniface, who obtained from Lady Masson de Terrebonne the money needed by the young man to study for the priesthood at the Petit Séminaire de Montréal. The death of his father in 1864 seems to have traumatised him. He interrupted his studies and went to work, first for a Montreal legal firm, then in Chicago, and finally in St. Paul, Minnesota. He returned to the Red River Settlement in 1868.

At that time, the traditional balance of the colony was being threatened by external factors. The previous year, the British North America Act had created the new Dominion of Canada, whose leaders cherished the ambition of extending the Canadian realm from sea to sea. The Manitoba colony quickly whetted their appetites. It was owned by the Hudson's Bay Company and administered through a governor and the Council of the Assiniboine, both appointed by the company. At the time, Ottawa was worried about the annexation aspirations of some Americans. The simpler solution was therefore chosen. Macdonald negotiated directly with the company the purchase of Rupert's Land, totally ignoring the wishes of the local population who from then on had the feeling that they had been sold off like cattle.

The population of the colony, estimated at about 12,000 people, was far from homogeneous. There was a majority of French-speaking Catholic Metis whose partly Indian blood made them prefer a life of buffalo hunting on the vast western plains to a sedentary life on the farm. There were also English-speaking Anglican Metis, who lived by farming, as well as

Presbyterian Scottish settlers. These groups, with different languages. religions and ways of life, had learned to coexist in a bilingual society. However, the territorial ambitions of Ottawa and the attitude of some of the newcomers would disrupt this delicate balance.

The land surveys undertaken in July 1869 at the initiative of Federal Minister McDougall made the situation even more explosive. The Metis saw in this action confirmation of their worst fears in view of the relationship between McDougall, appointed Lieutenant-Governor of the colony, and a group of land speculators from Ontario, one of whom had denounced the way of life of the Metis in a series of contemptuous articles.

Riel, who was young, educated, eloquent and bearer of a famous name, immediately emerged as a natural leader. Under his leadership, the Metis soon prevented forcefully the carrying out of the land surveys. In October 1869, the National Committee of the Metis demanded direct negotiations with the Canadian Government on the terms of annexation. However, in spite of his efforts, Riel was unable to convince the English-speaking people of the area to join his cause. His program included the representation of the region's inhabitants in the Canadian Parliament and bilingualism in the provincial Legislature as well as in the higher echelons of the judicial system. This program attracted the sympathy even of the English-speaking residents.

However, it soon became apparent that the strategy of the extremists from Ontario, led by Dr. Schultz, was to provoke a civil war in the colony and blame it on the Metis to destroy their political influence. Riel succeeded in winning his military battles against them, but he fell into their trap. On March 4, 1870, he had young Thomas Scott tried and sentenced to death. The prisoner, an associate of Schultz who had been unable to escape, had, throughout his captivity, provoked his guards by his insults and ignored all warnings about the consequences of such an attitude. While they agree that Scott was a greedy and bigoted hot-head, historians consider that Riel made a serious error in his case, probably because he wanted to strengthen his authority by showing his willingness to use repressive tactics. The outrage caused in Ontario by Scott's execution made a dangerous rebel out of Riel. However, Riel's delegates negotiated with John A. Macdonald and George-Étienne Cartier the terms of a settlement that became the Manitoba Act in 1870. The new territory was given provincial status, but with no control over its natural resources. Some 1.4 million acres of land in the Northwest were set aside for the Metis. Bilingualism was guaranteed before the courts, in the provincial legislature and in official documents. That settlement was approved by the Metis in June of 1870. But Riel had committed rebellious acts and his negotiators could not secure his amnesty.

● (1530)

It soon became apparent that the Canadian Government, urged on by the Ontario press, was in no mood to forget. Riel told Bishop Taché:

> Whatever happens now, the rights of Metis are guaranteed by the Manitoba Act. This is all I wanted. I have achieved my goal.

While the Government and the legislative bodies were being set up in the new province, Riel had to leave.

During the following years, Riel's destiny was to depend on the interplay of complex forces. In Ottawa, Minister Cartier redoubled his pressures in support of Riel and the Metis. The latter expressed their gratitude by allowing him to get elected in a Manitoba constituency after his personal defeat in Quebec in the 1872 election. Then Cartier died in May 1873, which deprived the Metis of their main support in the federal Cabinet. Riel who, on Bishop Taché's request, had withdrawn his nomination the previous year to make room for Cartier, ran in the by-election held following the latter's death, and was elected by acclamation in October 1873. He refused to sit in the House, however, for fear of being assassinated, or indicted for Scott's murder. During the 1874 general election, he was re-elected. Having come to Ottawa and having signed the Members' register, he was thrown out of the House on April 16, on a Conservative Member's motion. Re-elected in September of that year, in the by-election called after his own expulsion, he was once again expelled from the House. In February of 1875, Prime Minister Mackenzie obtained the House's consent to Riel's amnesty following a five-year banishment. Riel went back into exile.

It was at that point that the signs of Riel's mental unbalance became more acute. Having taken literally a letter he received from Bishop Bourget, Riel became obsessed with the idea that he had been entrusted with a heavenly mission as the guardian of the Metis welfare and even as the prophet of a new form of Christianity. Occasionally, he suffered from fits of hysteria. In March of 1876, friends of his secured his admission, under a borrowed name, at the Longue-Pointe Hospital, which generations of Quebecers have come to know as Saint-Jean-de-Dieu, now the Louis-Hippolyte-Lafontaine Hospital. From there he was transferred to the Beauport asylum. In 1877, his doctors allowed him to leave the asylum, and advised him to live a quiet life.

But the demon of politics was not to leave Riel alone for all that. In his exile in the United States, he continued to be concerned with what was happening to his fellow countrymen in the Northwest, and was involved in the 1882 American legislative elections. He even obtained his American citizenship the following year.

He had entered a new career as a teacher, when the Northwest Metis asked him to take up their leadership. Several Metis had sold their lands to Winnipeg real estate speculators and had gone into exile in the Northwest Territories of that time, namely in Saskatchewan, where they found other Metis and Indians living their traditional, nomadic life. But progress had caught up with them. The relocation of the Canadian Pacific main line had caused a collapse in land values around Prince Albert. The settlers held no undisputed title to the lands on which they had settled three years earlier. The scarcity of buffaloes compelled them to turn over to

farming. The first ones to arrive were entitled to lots located near the rivers. However, following a survey made by the federal Government in 1882, the Metis settlers were compelled to resettle on square lots and the federal Government refused to undertake a new survey in the area. The Metis pressured the federal Government and sought Louis Riel in the United States to act as their leader. However, Riel had no longer the support of the clergy who accused him of mixing religion with politics. In December 1844, a petition summing up the Metis' grievances was delivered to the Secretary of State Chapleau but Macdonald rejected it.

Riel was showing more frequent signs of mental unbalance. Devoting most of his time to prayers, he broke off with the local clergy and started preaching his own theology. He gave new names to the days of the week: he declared that Saturday would be the Lord's Day, he suggested that Mgr. Bourget and Mgr. Taché should become the new pope and rejected all submission to Rome. On March 18, 1885, it was rumoured that 500 RCMP officers were proceeding towards Batoche and this set fire to the powder keg. Riel and 60 or so partisans of his took up arms. Riel announced the fall of Rome and set up a provisional government of which he was the political leader while Gabriel Dumont took charge of military operations. The first encounter took place near Duck Lake on March 26 and ended with a victory for the Metis who were in greater number than the 100 RCMP men. At the same time, the Indians were rebelling and on April 2, they killed nine people at Frog Lake, Alberta.

The Government of Canada elected to resort to force to subdue that rebellion against its authority and Major General Middleton, Commander in Chief of the Militia, was entrusted with that mission. Riel decided not to follow the advice of Dumont who was advocating guerilla warfare rather than a conventional attack in the field. On May 9, the 800 men of Middleton encountered some 200 Métis at Batoche. The fight ended with the complete defeat of the latter. Dumont took refuge in the United States, Riel gave himself up and was soon transferred to the Regina jail.

Many indications show that the Riel trial took place in the worst circumstances for him. It was first decided that the case would be tried in Winnipeg. Twelve jurors were to bring in a verdict, and there was a fair chance that half of them would be Francophones; the court would be bilingual; as a provincial judge, the Superior Court magistrate who was to preside would have had his independence guaranteed by law and current practices. However the Macdonald Cabinet ordered a change of venue to Regina. There were to be six jurors and, in all likelihood, none would be Francophone; court proceedings would be in English only and the territorial magistrate would be subject to recall at the discretion of federal authorities. According to historian Lewis Thomas, there is irrefutable evidence that the intention of Macdonald was to make Riel bear full responsibility for the drama, and have him condemned and put to death as soon as possible. Riel was entitled to what one might call "frontier justice".

[Senator Guay .]

Riel's trial began on July 29, unilingual Justice Hugh Richardson presiding. Federal Justice Deputy Minister G. W. Burbidge and Quebec's future Attorney General Tom Chase Casgrain were among the Crown prosecutors. Riel's defence was conducted by François-Xavier Lemieux and Charles Fitzpatrick, among others, who eventually had brilliant careers on the bench and in politics. Riel was accused of high treason pursuant to the provisions of an English statute dating back to 1352, a crime for which the death penalty was mandatory.

Riel pleaded not guilty, so a trial by jury was required. Only one of the 36 prospective jurors spoke French, but an accident prevented him from attending the hearing. The Crown challenged the only Catholic on the list, so Riel was judged by a jury made up exclusively of English-speaking Protestants. The main defence argument was that the accused was suffering from megalomania and was mentally ill, and that his revolt could be explained by the injustices done to the Métis. Quite plausible though it may have been, this line of defence was weakened by Riel's obstinate denial that he might be suffering from religious insanity. The jury came out with a guilty verdict on August 1, but recommended mercy. Judge Richardson sentenced him to death. Appeals to higher courts were denied.

The verdict was followed by a double flood of petitions. Indeed, the federal Cabinet could recommend that the Governor General exercise his royal prerogative and grant a pardon. Ontario insisted that Riel should pay with his life; French-Canadians from Quebec, Manitoba and Massachusetts insisted that he should be pardoned. Macdonald's francophone colleagues obtained that three physicians re-examine Riel's mental state: the two anglophone physicians felt that he was mentally fit, while their francophone counterpart felt that the accused was unable to distinguish between right and wrong in religious and political matters. The consultation remained secret. In 1886, when the department made public after the fact the subject matter of that consultation, the francophone physician's opinion was tampered with to appear to support those of his anglophone counterparts. Faced with this dilemma, the government assessed the number of seats it was likely to lose one way or the other during the forthcoming elections. Pardon was refused and Riel was hanged in Regina on November 16, 1885.

Posterity may have rehabilitated the Métis leader and the long term political consequences of his execution may have been far worse than those of a possible pardon. For Riel personally and for his community, the benefits of a posthumous rehabilitation, although welcome, would be only symbolic.

As francophones, our duty is to fight for Louis Riel's memory. His cause was our own. He felt that our community should be treated with justice in order to develop freely. The decision which the Supreme Court of Canada has rendered in the Forest case represents a victory for us and a basis for the possible extension of our rights. We should not forget that we owe this victory in part to Louis Riel, the rebellious patriot.

I should like to conclude on a personal note; I should like to add that Louis Riel's "poésies religieuses et politiques" were

registered in St. Vital, Manitoba, on January 12, 1886, in accordance with the Parliament of Canada Act, by my grandfather, Abraham Guay, who was not a Métis. I urge you to read this most interesting document.

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

• (1540)

[*English*]

PARLIAMENT BUILDINGS

CENTRE BLOCK—REMOVAL OF PORTRAITS OF BRITISH PRIME MINISTERS—DEBATE ADJOURNED

Hon. Henry D. Hicks rose pursuant to notice of Wednesday, November 6, 1985:

> That he will call the attention of the Senate to the removal of the portraits of former British Prime Ministers from the sixth floor of the Centre Block of the Parliament Buildings.

He said: Honourable senators, on October 15 I asked a question of the Leader of the Government in the Senate relating to the removal of the photographs of former British Prime Ministers from the sixth floor corridor leading to the Parliamentary Restaurant. I regret I was not in the Senate when the Leader of the Government answered that question. He answered it by pointing out that while renovations were being made to the Parliamentary Restaurant and the corridor the photographs were removed. The Parliamentary Spouses' Association, which was asked to suggest paintings for the Parliamentary Restaurant, recommended that prints of Canadian Prime Ministers be put up in the corridor in place of the photographs of the former British Prime Ministers.

I love my wife as much as any man loves his wife. I have the greatest respect for Parliamentary spouses—

Senator Frith: We know where the real power is now!

Senator Hicks: —but I do not think that that decision was any business of the Parliamentary Spouses' Association at all.

In any event—

Senator Murray: You tell them!

Senator Hicks: —the answer then goes on to say:

> Plans are now being made to have prints of the Canadian Prime Ministers hung in the corridor and a suitable location for photographs of the Prime Ministers

—that is, of the United Kingdom—

> will be found.

I thought that that row of photographs was exceedingly interesting. I thought they related to our history in a way that all of us could be proud of. I must admit that during the Trudeau years I wondered if at some time the French Canadian dominated government would decide to remove those portraits of former British Prime Ministers, even though our parliamentary system is derived from the Mother of Parliaments. It appears that our francophone Canadians had a greater understanding and appreciation of the British traditions of our Parliament than does our current Irish dominated government.

I was worried at one time that the portraits of the former British Prime Ministers would be replaced by portraits of the American Presidents, or as one former senator said to me the other day, 52 different portraits of President Reagan, but I am glad that apparently this is not going to be done.

In any event, I think that those portraits are part of our history. I do not like Canada to be placed in the same position as many of the former colonies have placed themselves. For example, I used to be a member of the Board of Governors of the University of Guyana. They thought they had achieved something great by toppling in their park a statue of Queen Victoria.

We should not try to turn our back on our heritage; we should be proud of the origins that have enabled us to create the institutions that belong to us today. That does not mean that we are, in any way, subservient to the British Crown, or to the Parliament of the United Kingdom, or anything like that. We should not turn our backs on the fact that those institutions have influenced us mightily.

I think it is a pity that those portraits have been removed. I close by quoting from that great Canadian, a Nova Scotian, Joseph Howe. This quotation was last made in this chamber by the late Senator Grattan O'Leary, and I think it applies to what I have to say today:

> A wise nation preserves its records, gathers up its muniments, decorates the tombs of its illustrious dead, repairs its great public structures and ever fosters love of country and national pride by perpetual reference to the sacrifices and glories of the past.

Hon. Senators: Hear, hear.

On motion of Senator Corbin, debate adjourned.

• (1550)

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO PERMIT TELEVISING OF ITS PROCEEDINGS

Hon. Lowell Murray, pursuant to notice of Wednesday, November 6, 1985, moved:

> That the Senate do empower the Standing Senate Committee on Banking, Trade and Commerce to permit televised broadcasting of its public proceedings on the subject-matter of the Bill C-79, intituled: "An Act respecting provision of compensation to depositors of Canadian Commercial Bank, CCB Mortgage Investment Corporation and Northland Bank in respect of uninsured deposits".

He said: Honourable senators, let me say at the outset that I am not and never have been an ardent advocate of the televising of the proceedings of this house or of its committees. In rising to speak to this motion, I do so, first, because my committee has adopted a motion instructing me to place its views on this matter before the Senate and, second, because,

while I do not believe that the Senate or its committees need to be televised, nor does the public need to have the Senate or the Senate committees televised, I can think of no valid reason for not allowing the television cameras in if the media wish to have the television cameras there; provided always, of course, that arrangements can be made which are consistent with the proper functioning of this place, with the dignity of the institution and with the rights and responsibilities of honourable senators.

The situation before us is as follows: The Standing Senate Committee on Banking, Trade and Commerce is conducting a pre-study of Bill C-79. On that matter, we have been meeting since October 9. We have had 11 meetings, heard nine witnesses, and have spent some 31 hours on the subject. The day before yesterday we were discovered by the Canadian Broadcasting Corporation. They asked permission to televise the proceedings for broadcasting.

I consulted the committee. The committee indicated its agreement with the proposition made by the Canadian Broadcasting Corporation, but it is the consensus of the committee members that this is a matter for the Senate and not for any committee to decide. There is some disagreement on that point, but, frankly, the evidence seems to me to be pretty conclusive that it is the Senate that has the right to decide whether or not to grant such permission.

I will not take honourable senators through the precedents on this matter, but I will mention the two most important ones—and perhaps the only two precedents that are really applicable. There was one in February 1975 when the Standing Senate Committee on Legal and Constitutional Affairs was granted permission by the Senate to allow the televising of certain of its hearings on a particular bill; and, again, in 1980, when the Joint Committee on the Constitution sat, and it required a motion of both the Senate and the House of Commons to permit the television cameras and radio microphones to broadcast and televise the proceedings of that committee.

The committee, as I told this chamber the other day, also instructed me to satisfy myself that the ground rules, which have evolved over the years in respect of the broadcasting of parliamentary proceedings, would be respected. This I have done. I have obtained verbal and written assurances from the CBC, as well as from the Parliamentary Press Gallery, that what I may call the "spirit" of the electronic *Hansard* concept will be respected.

If the Senate passes this motion, it is my intention, on behalf of the committee and on behalf of the Senate, to insist that a pool arrangement be made with the interested networks so that we are not faced with a large number of cameras and crews and with a lot of paraphernalia in the committee room and in the corridors when the committee is meeting.

If these verbal and written assurances prove to be insufficient or if my confidence in the good faith of my journalistic interlocutors proves to have been misplaced, then you will hear from me and so will they.

[Senator Murray,]

I close by saying that it would be preferable for the Senate, soon, to address itself to a set of guidelines or ground rules to cover these situations so that we do not have to negotiate and renegotiate on each occasion, even if we have to come to the Senate for the basic permission to have the proceedings of a committee broadcast or televised.

With these few words, I commend this motion to honourable senators for their support.

Hon. Senators: Hear, hear.

Hon. Henry D. Hicks: Honourable senators, generally speaking, I am opposed to televising the proceedings of Parliament or even the committees of Parliament. I certainly am opposed to the motion contained in Order No. 11 on our order paper, which we stood today, which would, perhaps, lead to a general authorization of televising the proceedings of the Senate and its committees.

Perhaps it is not a bad idea, however, to let this one committee, in this one specific circumstance, try out the procedure of televising. I do not think I want to say any more about it, but I would ask, if the motion is adopted, that it be recorded that it is adopted on division.

Hon. William M. Kelly: Honourable senators—

Some Hon. Senators: Hear, hear.

Senator Kelly: —harkening to one of my colleagues close by, he did announce that the applause meter did not go up too high.

Hon. Senators: Hear, hear.

Senator Kelly: My position is well known, but I will try to explain it in a little more detail.

My reasons for pushing, certainly, some further discussion on this motion are simple. At the outset, honourable senators, I want to make it very clear that I do not have any argument with the rights of the general public to have full and complete opportunity to hear and to see the performance of the government and to hear discussions surrounding government decisions, important decisions on current issues such as the CCB and the Northland Bank, which are now before the committee in question, the committee into which it is being suggested we permit television cameras.

Senator Hicks has suggested that we should try an experiment. I believe, however, that on these particular issues, a great deal of coverage is already available. We are rotating witnesses through the House of Commons committee, the Estey Commission and the Standing Senate Committee on Banking, Trade and Commerce.

Senator Frith: Are they televised?

Senator Kelly: The Estey Commission is, yes. I am not sure whether or not the Commons committee is. However, my point is that to add an additional opportunity really adds nothing that is not already there. The issue to me is not particularly: Do people have the right to see or not to see these things? It is very important that that be understood.

• (1600)

However, I want to deal for a moment with the question of this chamber, and particularly with a committee of this chamber, and most particularly the Standing Senate Committee on Banking, Trade and Commerce. This particular committee has developed, and quite deservedly developed, over the years a reputation of the highest order, as a forum where deliberations were carried on, in my opinion, in the best traditions of the Senate, virtually without partisanship—I believe that is very important—where sound and thoughtful discussion took place with total objectivity. Witnesses knew that while they would be examined closely and listened to, they would not be used as ham for political sandwiches. I think that has been an important element and has imparted great strength to the work of that committee. As a result, that committee, over its term, has had no difficulty in obtaining the appearance of the best people available to help shed light on the issues of the day. It was considered an honour to be invited to appear before the committee, and, as a result, the committee has a long history of excellent reports and good advice to government.

In recent times, in my opinion, this has changed. Performance has become, in my opinion, increasingly partisan, and I feel, as a result, that the currency of this committee has eroded in the process, to the point where I dare to predict that in the not too far distant future, if this trend continues, witnesses will appear before that committee only in response to subpoenas. That may be all right, but I think that this particular committee would lose a great deal if that should occur.

It has been suggested that there is a crisis of confidence in our banking system, due to the recent failure of two banks. I think that is perhaps true. But I believe that this is due in no small part to the way in which politics have so heavily entered into the mix as an analysis is made, and efforts are made, to determine what happened, why it happened, and what is being suggested. We have had a reference on Bill C-79. Today Bill C-79 was finally mentioned by name: we have heard 11 witnesses, and held many meetings.

We have not yet really got to the core of what the committee was to do, notwithstanding that the committee was free to range far and wide to try to inform itself on how these things occurred. I do not deny that. But I am suggesting that the heavy pall of the political atmosphere is inevitable in the other place. It is the nature of the other place. But I am not sure that it needs to be as much the nature of this place as it has become, or of the nature of that committee as it has become. Certainly the play by the media—and sadly I would mention this chamber—has added to the erosion of confidence in a banking system which, in fact, is the envy of the whole world, notwithstanding two bank failures.

Honourable senators, on the motion to permit television cameras in this particular committee session, I believe that we have to ask ourselves one simple question: Will the presence of television cameras assist this committee in its work on this particular issue? Will witnesses be more forthcoming? Will questions be more searching? For my part, I cannot think of a way of answering "Yes" to any of those questions. On the negative, I believe the question we have to ask is: Will this stimulate further momentum to the playing of partisan games, and therefore greater erosion of the public confidence in our banking system? To that I say "Yes".

Honourable senators, I believe that it is time that we took a stand on what we are here to do, and on the most appropriate way, in our opinion, for us to do our job most effectively. Therefore I urge a vote against the presence of cameras at the meetings of the Committee on Banking, Trade and Commerce.

Hon. Louis-J. Robichaud: Honourable senators, as a general rule I am ferociously opposed to televising our deliberations in the Senate. It must be understood that if this motion is passed, it will not create a precedent, because the deliberations of the Standing Senate Committee on Legal and Constitutional Affairs were televised back in the late 1970s when the committee was discussing the problem of the drug cannabis.

Because of the importance of the matter that is to be discussed by the Banking, Trade and Commerce Committee, and because of the fact that a request was made by the CBC to televise the deliberations, I see absolutely no objection to the committee's proceedings being televised; and I am going to vote in favour of the motion. However, I must say that I disagree with my friend, Senator Kelly, when he said that politics may be injected into that committee. I do not believe so. I think that the members of that committee, be they Liberal or Conservative, are sufficiently mature that they will dig into the facts in a very able and capable way without allowing political matters to diminish the quality of the discussions. As a matter of policy, I am opposed to television in this house, but I believe that our work is done in committee, and that should be televised if the media wishes to televise those deliberations.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a couple of points on this motion. I believe that we should support the motion. On the question of the precedent, and whether the Senate or the committee should make the decision, I believe, in the first instance, that the precedents are strong that it should be decided by the Senate—and, in a sense, that is academic, because I believe it is desirable that that be done.

I agree with Senator Robichaud that it should not create a precedent—and I do not believe it does. It is following the precedents already set that require confirmation and approval by the Senate before it is done. In other words, it does not create a precedent leading, or relating to, or in any way influencing the disposition of the order to which Senator Hicks referred, and which is of more general application.

I believe that the chairman of the committee has quite properly insisted that the chairman of the committee and the steering committee should have complete control over the mechanics and, as he called them, the ground rules.

My second last point is to underline the fact that we are dealing here only with authority for a committee to televise proceedings relating to a particular matter before it, namely, Bill C-79. For that to have any meaning, we must deal with it

today, because the proceedings on the pre-study of Bill C-79, according to present schedules, will probably finish within the next two weeks. Since the motion was introduced—and leave was not yet granted—two witnesses have appeared; but, of course, those proceedings were not televised.

In general, I would like to comment that I believe, with Senator Robichaud, that when we consider how often we complain that the Senate is ignored, that its work is not appreciated—and those occasions underline how proud we are of the work that our committees do—and when we consider the work that this committee is doing and the detail and professional interest being shown in the matter before it—namely, the pre-study of Bill C-79—then I believe that we will be very pleased with the results; and that we will increase the awareness of the public of the good work done by the Senate, particularly if its future proceedings continue as well as they have proceeded to date. For those reasons, I think that we ought to support this motion. Certainly, if the proceedings of the Estey inquiry are appropriately televised because they deal with matters of public concern, then the proceedings of a Senate committee can also be televised. The main reason for my support of the motion is that I think it would be a great opportunity to show the good work the Senate does in its committees.

• (1610)

Hon. Finlay MacDonald: Honourable senators, speaking as a person with some years of television experience, there is little I can say that will assuage any fears or apprehensions honourable senators might have with respect to this motion, which I assume will be agreed to. I think that Senator Hicks and Senator Robichaud put their fingers on it when they said that, after all, it is a test. I do not think that, in the normal course, many people would line up to pay a lot of money for the rights to televise hearings in this chamber or in Senate committees. The matter before the committee is one which has apparently seized the public interest. For that reason, the networks want to televise the hearings.

I disagree with my honourable colleague, Senator Kelly. I realize that in the other place public interest centres only around the theatrics that go on there between 2 o'clock and 3 o'clock in the afternoon, which really are an exercise in agility and point scoring. There is no public interest in the routine business of the house, nor is there any interest in the committees of the other place. Honourable senators, this is a special occasion. I hope that we will agree to the motion.

I pray that this motion will not suddenly cause us to break out in some exercise of posturing, partisanship or any nonsense of that sort. I also hope that the chairman of the committee will not impose upon its members any restrictions, in terms of time allowed for questioning, other than what is necessary to ensure that the meetings run smoothly. In other words, let the television cameras reflect exactly what goes on. Obviously, this footage will be used in some documentary they are preparing, and I say that that is great. We have talked about it long enough—let's give it a test.

[Senator Frith.]

Hon. Jean Le Moyne: If I may be permitted, honourable senators, I will ask a question of Senator Murray. Is this motion good for one occasion only?

Senator Murray: The motion is that we would permit television coverage of the proceedings of the committee while it is studying Bill C-79. As it happens, we have but one witness left to hear on that reference.

Senator Le Moyne: Is the chairman not afraid that he will be creating a star witness where none is needed?

Senator Murray: The witness in question is the Minister of State (Finance), who would be a star witness with or without television.

[*Translation*]

Hon. Eymard G. Corbin: I have a question for Senator Murray. Could he give us the assurance that this measure will not result in any expense to the Senate and that all costs will be paid by the television channels concerned?

Senator Murray: As far as I know, no expenses will be incurred by the Senate as a result of this measure. I will check, but I am almost certain the Senate will not pay anything.

Motion agreed to, on division.

[*English*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody: Honourable senators, to facilitate the discussion of the adjournment motion, Senator Frith was going to do some research on precedents that have been set by the Senate respecting recesses. After hearing from him, we will see whether we can safely take that extra week without running afoul of public opinion.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, research in this regard was not as easy as I had thought it would be. I will present what I have been able to turn up.

The House of Commons changed its standing orders about recesses in December of 1982. Therefore, the first operative year, according to that plan, was 1983. In 1983, the Senate recessed from February 17 to March 1, some 12 days. I could find no data on the recess taken by the House of Commons. The Easter recess that year was from March 30 to April 19, which is some 20 days, and, according to my best information, it was one week longer than the recess taken at that time by the House of Commons. The autumn, 1983 recess of the Senate was from November 3 to November 14. That recess was of 11 days' duration, but that month Parliament prorogued on November 30, and since that prorogation might have had some sort of effect on the recess, that is not a particularly good example.

The first Senate adjournment in 1984 was part of the Christmas recess, which was taken from December 21, 1983, to January 16, 1984. The Senate recessed for four weeks that year, while the House of Commons recessed for three weeks. The Easter 1984 recess was from April 17 to May 8, one of

three weeks' duration. My information is that the House of Commons recessed for 10 days. In the autumn of 1984, the general election had been called. Parliament opened on November 5, so the practice that year would not really be relevant to our discussion.

The first recess in 1985 was that following Christmas of last year and was from December 20, 1984, to January 22, 1985. I believe that the House of Commons returned on January 14. Again, the Senate adjourned for an extra week. In February of this year, there was another anomaly because we were dealing with Bill C-11. My notes indicate that we adjourned for only a few days.

Senator Roblin: We met during the time the House of Commons was on vacation.

Senator Frith: That is correct; that is exactly what my notes indicate. We may have adjourned for one day longer than we normally would have. In April of this year, the adjournment was from the 4th to the 21st, a recess of 17 days. I believe that the recess of the House of Commons was for 12 days. I cannot give uniform evidence of the Senate's adjourning for one week longer than the House of Commons, but, from the information I have gathered, it seems that there is good precedent for it.

For that reason, honourable senators, I ask that the Leader and the Deputy Leader of the Government consider amending the motion, to provide for our return on November 26. It seems to me that in the absence of any particular reason for our return, we would be following a trend, a reasonably well documented tradition, by taking that extra week. I say this anticipating that the House of Commons will not have any additional bills for us.

● (1620)

Senator Doody: Honourable senators, I was hoping that Senator Frith would be able to give us the history of the Remembrance Day recess and whether we adjourned for one or two weeks in the past.

Senator Frith: It happened by a fluke; there were times when there were special circumstances.

Senator Doody: With that in mind, I think that we should perhaps take that extra week, but keeping in mind that we have three bills before us now and with the extra week that we take it will give the House of Commons, in all probability, time to send us more legislation. I would like to think that we would deal with that quite expeditiously when we resume. The legislation on the order paper now is not of any great consequence and I feel that we can deal with it fairly quickly. I would like to think that the same would be true of some other bills that might come to us. I have no objection to having that extra week under these conditions. Also, there is the condition that the committee work go ahead as we had planned.

I always worry that the longer the adjournment the more temptation there is for honourable senators to go elsewhere and perhaps attendance at committees would not be as great as it would be if we took a shorter adjournment, but I have no evidence to support that, and I hope that I am wrong. I would very much regret it if the committee work were to be neglected, because the attendance has been absolutely tremendous during this particular session and I would like to see it continue that way.

If Senator Frith cares to comment on what I have just said, we can probably make the amendment as necessary.

Senator Frith: I see nothing in the legislation before us or the anticipated legislation of the non-controversial type that will cause any difficulty for us in the chamber. Certainly Bill C-64, which deals with plant breeders' rights, can be referred to committee, so I do not see any difficulty with that one. I can give you assurance that insofar as I am aware and in light of the reports I have had, and the advice I have received from those on our side who are responsible for these bills, I do not see any difficulty in processing them expeditiously here.

We must remember also that we are always subject to recall by the Speaker if, in his opinion, it is in the public interest that we return.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I should like to add a cautionary word to the observations made by the Deputy Leader of the Government. In the week that we might be absent there might be some financial bills cleared in the other place. While I am not attempting to impose any absolute conditions in respect of those matters because I do not think that that would be appropriate, I would like the honourable gentlemen opposite to reflect on the fact that if we do get such bills from the House of Commons during the week we are not here, we would like to make sure that they will be dealt with expeditiously when we return. I assume there would be no substantial difficulty in that matter.

Senator Frith: I do not know about the specific bills, but insofar as I am aware there would not be any reason to anticipate anything but our usual co-operative approach to that legislation.

Senator Roblin: Last year I remember a bill called Bill C-11 which was proceeded with in a way which caught me by surprise, I must confess. That is a lesson that I have not forgotten, so I want to be clear about my expectation that financial bills will receive due consideration. I am not interested in pushing things through without due consideration, but we should be careful to respect the expectations of the other house that we would deal with these measures with reasonable diligence and expedition.

Senator Frith: I think that the Leader of the Government is quite right in underlining the fact that it is our duty, as a general rule, to give special attention to money bills and financial bills. I believe that they are an exception to the general rule and should be treated accordingly. I think we have to remember, in looking at the history of our dealing with those bills in the chamber, that Bill C-11 was an exception to our usual experience.

The Hon. the Acting Speaker: Honourable senators, is it your pleasure to adopt the motion for adjournment amended to

read "26th November, 1985" instead of "19th November, 1985," at two o'clock in the afternoon?

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until Tuesday, November 26, 1985 at 2 p.m.

THE SENATE

Tuesday, November 26, 1985

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

Prayers.

OFFICIAL REPORT

CORRECTION—QUALITY OF TRANSLATION

Hon. Joseph-Philippe Guay: Honourable senators, I rise on a point of order regarding the official report, *Debates of the Senate*, of Thursday, November 7 last.

At that time I delivered a speech commemorating the 100th Anniversary, on November 16, 1985, of the hanging of Louis Riel. I chose to deliver my speech on November 7, as the following week the House of Commons and the Senate were not scheduled to sit.

The most important point I wish to raise is the fact that *Debates of the Senate* of November 7, 1985, referred to me as "Louis-Philippe" Guay, which is an intolerable mistake, especially in light of repercussions that I experienced in my own area. Also, the question was raised by many people as to what type of qualifications a translator has and the salary a translator receives.

After being in the Senate for seven and a half years you would think that those responsible would, at least, know my name. The same typographical error was evident in the English translation. I should also like to mention that the translation is very poor. Rather than citing examples, I refer honourable senators to pages 1486, 1487 and 1488 of *Debates of the Senate* of that day.

Honourable senators, I have no alternative but to bring this matter to the attention of this chamber, and I would request that this matter be pursued by the Standing Committee on Internal Economy, Budgets and Administration and also that it be referred to the Commissioner of Official Languages to determine and establish the appropriate ways and means of avoiding such intolerable mistakes in the future. To those affected and responsible for the final printing of *Debates of the Senate* I must honestly say that they are lacking—and lacking very badly—in efficiency; otherwise, with a proper revision of the translation before it is sent to the printer, no such mistake would have resulted.

The Hon. the Speaker: Honourable senators, as chairman of the Standing Committee on Internal Economy, Budgets and Administration, I shall bring this matter to the attention of the committee.

[*Editor's note: The revised version of Senator Guay's remarks appears at pp. 1486, 1487 and 1488*]

POVERTY IN CANADA

POVERTY LINE UPDATE, 1984, TABLED AND PRINTED AS APPENDIX

Hon. David A. Croll: Honourable senators, I ask leave to table, in both official languages, the Poverty Line Update, 1984, which emanates from the Senate report entitled "Poverty in Canada." I ask leave to have it printed as an appendix to the *Debates of the Senate* of this day.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

(*For text of update see appendix, p. 1513*)

[*Translation*]

THE ENVIRONMENT

AIR POLLUTION ON PARLIAMENT HILL—MESSAGE FROM COMMONS

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

> ORDERED—That this House urge all Members of Parliament and drivers of other vehicles on Parliament Hill to abandon the practice of leaving vehicle engines running within the precincts of Parliament Hill, and invite the Senate to adopt a similar motion to this effect, as such practice adds to environmental damage and, further, the government should launch a public education campaign inviting all Canadians to do the same and to invite the provincial governments to take the same steps; and
>
> That a Message be sent to the Senate to acquaint Their Honours thereof.

[*English*]

PRIVATE BILL

EVANGELICAL LUTHERAN CHURCH IN CANADA—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-5, to provide for the creation by amalgamation of the Evangelical Lutheran Church in Canada, and acquainting the Senate that they had passed the bill without amendment.

[*Translation*]

CRIMINAL CODE

BILL TO AMEND (PROSTITUTION)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-49, to amend the Criminal Code (prostitution).

Bill read first time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Thursday next, November 28, 1985.

[*English*]

GOVERNOR GENERAL'S ACT GOVERNOR GENERAL'S RETIRING ANNUITY ACT SALARIES ACT JUDGES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-78, to amend the Governor General's Act, the Governor General's Retiring Annuity Act, the Salaries Act and the Judges Act.

Bill read first time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Thursday next, November 28, 1985.

[*Translation*]

CANADA DEVELOPMENT CORPORATION REORGANIZATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-66, respecting the reorganization of the Canada Development Corporation.

Bill read first time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Thursday, November 28, 1985.

[*English*]

LIBRARY OF PARLIAMENT

REPORT OF PARLIAMENTARY LIBRARIAN TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the Annual Report of the Parliamentary Librarian for the fiscal year 1982-83.

DISTINGUISHED VISITORS IN GALLERY

Hon. Heath Macquarrie: I should like to draw to the attention of honourable senators the welcome presence in the gallery of two distinguished members of the Legislative Assembly of Prince Edward Island, Mr. Arthur MacDonald, MLA, and Mr. Peter MacLeod, MLA, and to remind them that the Assembly of which they are members holds its sittings in Province House, Prince Edward Island, where Confederation began.

Hon. Senators: Hear, hear!

[*Translation*]

MARRIAGE (PROHIBITED DEGREES) BILL

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE PRESENTED

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Tuesday, November 26, 1985

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

SIXTH REPORT

Your Committee, to which was referred Bill S-2, intituled: "An Act to amend and consolidate the laws prohibiting marriage between related persons", has, in obedience to the Order of Reference of Wednesday, December 19, 1984, examined the said Bill and has agreed to report it with five amendments:

1. Page 1, subclause 2(1): Strike out line 7 and substitute the following:

   "related by consanguinity, affinity or adoption are not"

2. Page 1, subclause 2(2): Strike out lines 11 to 14 and substitute the following:

   "if they are related

   (a) lineally by consanguinity or adoption,

   (b) as brother and sister by consanguinity, whether by the whole blood or by the half-blood, or

   (c) as brother and sister by adoption."

3. Page 1, subclause 3(1): Strike out line 17 and subsitute the following:

   "guinity, affinity or adoption is not invalid by reason"

4. Page 1, subclause 3(2): Strike out line 21 and substitute the following:

   "2(2)(a), (b) or (c) is void".

5. Page 1, clause 3: Add immediately after line 21, the following subclause:

   "(3) Subsection (2) does not affect the validity of a marriage entered into prior to the coming into force of this Act by persons who are related in the manner described in paragraph 2(2)(c)."

Respectfully submitted,

JOAN B. NEIMAN,
Chairman.

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

On motion of Senator Neiman, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

• (1410)

QUESTION PERIOD

[*English*]

INTERNATIONAL TERRORISM

SEIZURE OF EGYPTIAN AIRCRAFT

Hon. Ian Sinclair: Honourable senators, my question is for the Leader of the Government in the Senate.

All Canadians and the whole of the free world was shocked by the tragic events at Malta on Saturday and Sunday last.

In light of the fact that this act of terrorism was perpetrated by fundamentalist terrorists, can the Leader of the Government in the Senate inform us as to the action that is being taken to protect Canadians and Canadian airports against this new type of terrorism?

Hon. Duff Roblin (Leader of the Government): Honourable senators, at the time of the Air India disaster measures were taken by the Department of Transport to review security operations at Canadian airports with a view to seeing how they could be strengthened and improved. I have no word at the moment as to the findings of that study. My honourable friend's point is well taken, and I will find out for him what I can about what is proposed.

Senator Sinclair: A supplementary question. In view of the fact that this act of terrorism took place in the Mediterranean area, can the Leader of the Government in the Senate inform us as to the basis on which the Secretary of State for External Affairs, the Honourable Joe Clark, came to the conclusion that the action taken by the Egyptian commando force was the correct one?

Senator Roblin: I am afraid I shall have to let the Secretary of State for External Affairs speak for himself. I am not aware of the considerations he had in mind in making that decision. I think it fair to observe that it is the policy of this government that we should take concrete steps to deal with terrorism in a way which offers the best prospect of reducing it if not eliminating it. The fact that some of these efforts may have led to a deplorable loss of human life does not mean that we are not under some obligation to pursue those means. It was in 1976, I believe, that the same government, the Egyptian government, dealt with another hijacking incident very successfully. So there were some grounds to think that they were able to handle the situation.

I think that I would approach the matter on the basis of principle. The question to be answered is: What does one do about terrorism? I think the answer is that one does whatever is necessary to discourage it.

Senator Sinclair: Honourable senators, the fact of the matter is that because of the action taken, about 60 per cent of the people on the aircraft were killed. My question is: If it can be properly described as being the best decision that could be taken, or—and here I quote: "It was based on the best information available in the circumstances"—what kind of evidence does this refer to? What is this evidence? Surely before the minister made a statement like that, he had some evidence that negotiations were not the way to go—and apparently an all-out attack, without proper backup, was undertaken.

Senator Roblin: I do not really see the point of my honourable friend's question on an event that took place in another country, under the auspices of another government. The point he seems to be making is that he wishes to complain about an opinion that one of our ministers has expressed with respect to the matter.

Senator Frith: He is not complaining. He is asking for the basis for the decision.

Senator Roblin: The plain fact is that several governments in the world, including ours, felt that this was the best course that could be followed in the circumstances; and when one considers the circumstances—at nightfall, on a foreign aerodrome, with five terrorists inside an aircraft—how can anyone sitting here do anything more than pass a general opinion as to what course is best to be followed? We had no effect on it; it was nothing to do with us; we did not order it, and I do not see why my honourable friend is so critical of an opinion expressed by the minister. If he does not like the minister's opinion, that is his privilege.

Senator Frith: That's not what he is saying. Listen to him.

Senator Sinclair: Honourable senators, my criticism, if it is so described, is merely expressed in an effort to search for the facts that led the minister to say that the Egyptians took the best decision they could, or that it was based "on the best information available in the circumstances." Given that that is the situation, if a similar situation were to occur in Canada, could we expect that similar action would be taken?

Senator Roblin: I do not think that my honourable friend can draw that conclusion.

Senator Sinclair: Would the Leader of the Government try to ascertain for us what kind of information was available to the government, if any?

Senator Roblin: Honourable senators, I am quite willing to let the minister's opinion stand on its own two feet.

Senator Frith: That is not what he is asking.

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government whether the federal govern-

ment has offered the bereaved Canadian family any assistance to bring the bodies home to Canada.

Senator Roblin: Honourable senators, I thank my honourable friend for that question, because it is a very humane one. I will try to find a specific answer to it. My opinion, judging from what I have heard so far, is that the Secretary of State for External Affairs has been in touch with the family and I believe he has offered the good offices of the government insofar as they would be useful to them. Concerning the specific point that my honourable friend speaks about, I will try to find the answer.

Hon. John B. Stewart: Honourable senators, I realize that the Leader of the Government has dismissed the possibility of a similar situation ever happening in Canada—

Senator Walker: He did not say that at all.

Senator Flynn: Come on!

Senator Stewart: If, then, there is the possibility of such a situation developing in Canada, has the government established rules or guidelines, together with a suitable task force, for dealing with a similar or somewhat similar situation?

● (1420)

Senator Roblin: I should like to correct my honourable friend. I made no assumptions as to whether or not such an incident could occur in Canada. Obviously, it could and, obviously, there are plans to deal with it, and I shall advise my honourable friend.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, on the same subject, yesterday the Secretary of State for External Affairs made the point that Canada was pursuing other concrete measures to combat terrorism. I am delighted that there are other concrete measures, but would the minister tell us precisely what those other concrete measures are that are being put forward by the Government of Canada?

Senator Roblin: I shall inquire into that matter. I shall also express the reservation that it would probably not be advisable to give the publicity of the kind that a full statement to this house would provide to some of the measures the government might wish to take. However, to the extent that the information is available to the public, I shall make inquiries about it.

Hon. Peter A. Stollery: Honourable senators, I have a supplementary question for the Leader of the Government. Could he inquire as to whether the Canadian Armed Forces has the kind of personnel with the training and capacity to handle such a situation, if it should arise in Canada?

Senator Roblin: The Canadian Armed Forces has a very considerable military capacity. I am searching my mind for the right phrase to describe the organization that handles such activities which involve a commando type operation. We do have a commando force type of operation, and I am quite sure that they have contingency plans in place to deal with the possibility of a hijacking at a Canadian airport. The honourable senator has asked a question which is basically the same as that asked by the Leader of the Opposition, and I shall deal with it in the same way.

[Senator Haidasz.]

FINANCE

MEETINGS WITH DEPUTY MINISTER—GOVERNMENT POLICY

Hon. Ian Sinclair: Honourable senators, I have a question on a different subject, if I may.

Senator Flynn: Good!

Senator Sinclair: I happen to think that no terrorist act is ever good, whether it is done in this country or elsewhere, Senator Flynn.

Last week a rather unusual occurrence took place in the city of Montreal. A man known to many by the name of David Angus held a dinner party. That is not unusual. What is unusual is that the reason for the dinner was to meet the Deputy Minister of Finance. Those of you who are not familiar with Montreal might not know who David Angus is, so I shall tell you.

Senator MacEachen: Please do.

Senator Sinclair: He is the main bagman for the Conservative Party.

Some Hon. Senators: Oh, oh!

Senator Frith: It must be a case of mistaken identity.

Senator Flynn: Terrible!

Senator Perrault: That is shocking!

Senator Sinclair: My question is this—

Senator Flynn: You are very well known there, too.

Senator Stewart: They think it is a joke.

Senator Sinclair: Is there going to be a change of policy by this government, whereby instead of meeting the Deputy Minister of Finance in his office, you will meet him at dinners to which you receive the invitation from a man known as the—I guess "bagman" is a bad phrase—shall I say the person who assists the Tory Party in the political process—let me put it that way. I would like to know if the deputy minister is now going to attend that meeting in those circumstances.

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend need not be a bit shy about using the term "bagman." After all, there are a number of them in this house.

Some Hon. Senators: Oh, oh!

Senator Frith: So Mr. Angus is coming here! The leak is out—Angus is coming!

Senator Roblin: For all I know, David Angus may be looking for a summons. I do not know on what grounds my honourable friend who has asked the question was summoned to the Senate.

Senator Perrault: Sheer ability.

Senator Roblin: I have no information about that.

Senator Flynn: We know now from the way he behaves.

Senator Roblin: I can only speak for myself, and I know why I am here.

Senator Doody: Raw talent.

Senator Roblin: However, I have to tell my honourable friend that there is no change in government policy. I am sure the government will continue to seek the advice of knowledgeable Canadians in every walk of life, of every political stripe and in various parts of Canada, no matter whether or not they voted Conservative.

Senator Sinclair: Perhaps the Honourable Leader of the Government in the Senate could assist me in this: If Senator Leo Kolber extended an invitation to meet with the Deputy Minister of Finance in Ontario, would the deputy minister be available? I understand that he would need to have more than 35 people.

Senator Roblin: Not only the deputy minister but the Premier of Ontario, I think, would be available.

Senator Sinclair: That does not matter, with all due respect.

Senator Roblin: It seems to me that it is not unusual for leading figures in political life to have consultations with people on various subjects. I think it is going a bit too far to read into that meeting some malevolent or improper activity. I reject that idea right out of hand.

Senator Sinclair: Honourable senators, I can well understand, and it is a well known fact, that leading political figures have off-the-record meetings with business people and so on. That has been going on since time immemorial. However, this is the first time I have ever heard of a deputy minister being referred to as a political person.

Senator Roblin: Perhaps if we amend the rules of the House of Commons in the way in which Mr. McGrath would have us do, they will be political persons.

The point I want to make, however, is that I have no knowledge of this particular meeting. I know nothing about it. I want to make that perfectly clear. It has not been unheard of, in the past, for deputy ministers to meet with people on various matters, nor is it unheard of in the case of Deputy Ministers of Finance. They meet in this town regularly with all kinds of people who come to call on them to discuss public matters. Why they cannot do so at a dinner in Montreal escapes me. My honourable friend, I think, is attempting to imply that there was something improper about this meeting. He is trying to say that these men were either attempting to influence the deputy minister or else were hoping that they might hear something from him that they would not hear in the ordinary course of business and in the normal course of public communication, and I reject that out of hand.

Senator Sinclair: Honourable senators, I am afraid the honourable leader in the Senate is not listening very carefully.

Senator Frith: That is nothing new.

Senator Flynn: I, myself, have been trying to listen.

Senator Sinclair: I will say it again, then, Senator Flynn.

It is certainly correct that people meet with the Deputy Minister of Finance, and with other deputy ministers, but the proper place to do that, and the usual place to do it, is in the office of that deputy minister. It is not proper to meet at dinners to which the invitation comes from a person who, to the knowledge of the community, is a person who collects money on behalf of a political party. That is my point.

Senator Flynn: Thank you for the advice.

Senator Frith: You are welcome. You finally got it.

Senator Roblin: I am sorry I did not get the full import of my friend's last remark, but he knows perfectly well that Mr. Angus and Mr. Hartt are not exactly strangers; they have been practising law together in Montreal for some time and I really do not find it all that strange that they should meet together with other people to discuss matters of common interest. I say to my honourable friend that if it is improper to do that kind of thing, we in political life are certainly going to limit ourselves a great deal as to who we can talk to.

I say to my honourable friend that you cannot disassociate a deputy minister from his minister because they form two parts of one operation. I say to him that I would not find it something that I would like to complain about at any length.

Senator Sinclair: Honourable senators, it may be very interesting that Mr. Hartt and Mr. Angus once practised law together. However, Mr. Hartt has changed his vocation. He is no longer a mere practising lawyer; he is now a deputy minister. He is no longer a political figure.

Senator Roblin: But I think he is. If my honourable friend is alleging something improper, let him say so.

Senator Sinclair: I am not alleging anything improper on the part of the deputy minister except, honourable senators, for the fact of allowing a person who is known throughout the community as a bagman—and I will use the phrase the Leader of the Government wishes me to use—to extend the invitations to that meeting. That is what I am complaining about. Perhaps it is because he could not get anybody else to extend those invitations. Is that what my honourable friend is trying to suggest?

Senator Flynn: Rubbish!

Senator Roblin: My honourable friend may make his own suggestions but he must not impute anything to me.

Senator Flynn: Rubbish!

• (1430)

Senator Frith: Ah, that's the sign when you can't call it anything but that.

Senator Flynn: You know better!

Senator Frith: There is no better explanation than that.

Senator Flynn: I have heard from you too often.

Senator Frith: Welcome back.

The Hon. the Speaker: Order! Order!

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, the Leader of the Government has said there has been no change in policy. He has found nothing irregular in this situation where the Deputy Minister of Finance appears at a private meeting organized by the chief fund raiser of the Conservative Party.

Senator Frith: Shame!

Senator MacEachen: Is the Deputy Minister of Finance generally available to participate in fund-raising activities of other political parties? For example, I intend to address a fund-raising event in northern Cape Breton on Friday night and—

Senator Perrault: The deputy minister will be there.

Senator MacEachen: Would the Deputy Minister of Finance accompany me to have a private session with the businessmen of Chéticamp under the auspices of the chief fund raiser in that district for the Liberal Party?

Some Hon. Senators: Hear, hear!

Senator Roblin: I have learned when answering questions raised by my honourable friend to examine the premise carefully.

Senator Frith: And not to answer it.

Senator Roblin: The premise of his question today is that this was a fund-raising dinner that the deputy minister attended. That has been denied by all concerned, so I do not think the point is one that needs any further response from me.

Senator MacEachen: I must say that the Leader of the Government has added a number of traits to his character in his performance in the chamber but I never thought he could be so naive as his response would indicate. I think all of us know what was happening, and the honourable leader ought to say it should not happen again because it compromises the office of the Deputy Minister of Finance.

Senator Roblin: I may be naive but I am not willing to impute motives to others for which I have no warrant.

Senator MacEachen: I just want to add that no motives have been imputed—none whatsoever.

Senator Flynn: Oh! Oh!

Senator MacEachen: The Leader of the Government has made the astonishing admission this afternoon that he sees nothing irregular in the chief fund raiser of the Tory Party hosting a private dinner for businessmen in Montreal to which has been invited the Deputy Minister of Finance. That is fine. The leader says it is fine, but I do not think it is fine.

Senator Roblin: I am glad to know that no imputations are being made in this discussion. If I were the chief fund raiser of the Progressive Conservative Party in Montreal, I certainly would not invite this gentleman a second time.

Senator MacEachen: So you have concluded it is irregular.

NATIONAL PAROLE BOARD

APPOINTMENT OF MEMBERS

Hon. Earl A. Hastings: Honourable senators, my question is for the Leader of the Government in the Senate to whom I have given partial notice pertaining to the efficient and timely operation and functioning of the National Parole Board. As the government leader knows, we have a bill before the House of Commons at the present time, which will be coming to this chamber in due course, to increase the membership of that board from 26 to 36, but I draw the attention of the government leader to the fact—

Senator Frith: Don't tell me there are a few Tories left who still don't have an appointment!

Senator Hastings: —that the need for these additional ten members, which is about a 50 per cent increase in the National Parole Board, does not seem authentic or necessary when one considers that there are three vacancies on that board at the present time which the government seems incapable of filling. One vacancy on the prairies has been in existence for a year; one vacancy in the maritimes has been in existence for five months; and one vacancy in the B.C. area has been in existence for five or six months.

In addition, there are 22 vacancies with respect to temporary board members and there are six vacancies with respect to community members. I fail to understand why you have to increase the membership of the board by ten when you cannot fill the existing vacancies.

This board is called upon to render very important decisions respecting both the offender and the public. It is overworked at the present time because of court decisions. It has to render approximately 15,000 decisions a year. I appeal to the Leader of the Government to consult with the Solicitor General and do what he can to see that these vacancies are filled before asking Parliament to provide another ten vacancies for the government.

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend's appeal does not fall on deaf ears.

Senator Perrault: The war on unemployment continues.

Senator Hastings: While the Leader of the Government is discussing the matter with the Solicitor General, he might draw to his attention the need for experienced people on these boards. I make that remark in light of an observation by the chairman of the board to the committee in the other place when he said that it becomes particularly important that those persons who come to the board, some of them without a great deal of previous experience, should have the opportunity to be trained and experienced. In light of the decisions of the board I respectfully submit to the government leader that this should not be on-the-job training. This board is called upon to make very important decisions. There are many experienced people in the corrections sector of this country who could adequately fill the vacancies. My appeal to the Leader of the Government is to abandon the sordid patronage performance of this govern-

ment when it comes to filling these vacancies and seek out experienced people in the corrections division of this government, in the parole board, in the parole sector and in the voluntary sector of corrections. These many experienced people would not need to go to the board to become trained and experienced.

Senator Roblin: I appreciate my honourable friend's sentiments but the government will have to reserve the right to appoint those people who, in its opinion, are well qualified to do the job. It would be easy for me to say that most of the people in this house are here because of the patronage principle so it cannot be all that bad, but I have to tell my honourable friend that we will do our best to get good people for the job although I do not suppose that will please him entirely.

AGRICULTURE

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ASSISTANCE

Hon. Hazen Argue: Honourable senators, I should like to ask another one of my continuing questions of the Leader of the Government in the Senate about the possibility of an announcement by the government immediately regarding the drought assistance program.

As the Leader of the Government knows, the issue has been before the country for more than four months. The federal government is not showing leadership. Instead it is adopting a very weak position. Now we have provinces coming forward with their own programs and today the Saskatchewan legislature—as Senator Barootes is aware—is meeting and they have come forward with a mammoth, province-wide program of loans available to every single farmer in Saskatchewan, as I understand it, rich, poor, big crops, little crops or no crops. I do not know if it takes in lawyers and city dwellers but in the legislation that is being brought down—

Senator Barootes: Great government!

Senator Argue: —there is nothing for the people who suffered the drought. Those people are being offered a loan. What they want in their time of need is money from the government without strings attached. When is the federal government going to take action?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I thought for a moment that my honourable friend was going to say something nice about the Government of Saskatchewan.

Senator Steuart: People in northeast Regina didn't.

Senator Roblin: That's right. They did not say anything nice about the Liberal Party either.

Senator Steuart: It went up 300 per cent.

• (1440)

Senator Roblin: Three hundred per cent of nothing is still nothing very much.

Senator Steuart: That is right, but you guys are on the way out.

Senator Roblin: We are not gone yet.

Senator Steuart: But you will be.

Senator Roblin: My honourable friend had better not hold his breath because he will have to wait until there is an election there, and the people will decide. Neither he nor I will decide that election.

In answer to my honourable friend's question, I must say to him that the Government of Canada is not taking a weak position on the matter. We have made a proposal on this subject; it has been before the provinces concerned now for several weeks; and we are hoping that they will be able to find a meeting of minds on this subject.

It is simply our view that in the field of agriculture where there is a shared constitutional responsibility, we have to go as far as we possibly can in order to get an agreed policy on the matter. Our policy is clear. We have the proposals ready, and they are before them, but we are compelled to do everything we can to make sure there is a meeting of minds between the federal government and the provinces in respect of this matter.

I, for one, would not recommend charging in with a policy which is seriously objectionable to the provinces, no matter who is in office or where they are. It is necessary to do our best to find a meeting of minds, and that is what we are trying to do.

Senator Argue: There is an inference that what the Government of Saskatchewan is doing will meet the situation.

However, the producers in the drought area have asked for a cash payment of $50 per acre. Now they are being offered almost that amount but as a loan, repayable at 6 per cent, and that is not an answer.

The federal government's proposals in this regard have been publicized for almost four months, but there has been no action. What provinces are holding this up? Can the Leader of the Government tell us that? The rumour is that Manitoba and British Columbia are holding this matter up, and I should like to know if that is correct.

I put it to the minister that if we had strong leadership in the federal government there would be a program in place now.

Some Hon. Senators: Hear, hear.

Senator Argue: It is weak and ineffective.

Senator Roblin: My honourable friend has been in public life long enough to know that if he wants to know the position of the provinces, he should ask them; he is certainly not going to hear it from me.

I should also like to tell him that the move made by the Province of Saskatchewan does not deal with the question of drought relief which we have been talking about; that is another program entirely.

Our policy is still in place and we are still prepared to proceed with it at the earliest moment we can get the consent of the provinces.

Senator Argue: No co-operative federalism.

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT

Hon. Joyce Fairbairn: Honourable senators, I should like to follow on Senator Argue's question with a question to the Leader of the Government in the Senate regarding the field of agriculture and, particularly, the federal sphere of agriculture.

After a two-week break, can he report on any progress with the 1983 stabilization payment on sugar-beets?

Senator Roblin: I am sorry, honourable senators; I have no further information on that point. I do not believe the question has been advanced as far as I would like to see it.

FEDERAL-PROVINCIAL RELATIONS

GOVERNMENT OF QUEBEC—ATTITUDE TO SOVEREIGNTY

Hon. Ian Sinclair: Honourable senators, I have another question on a different matter. It has to do with a statement made in Toronto by the Prime Minister in which he told a group of business people at an open dinner attended by many to raise funds for the Tory Party, that those business people had no need to fear the Pierre-Marc Johnson government in Quebec.

I now find that Pierre-Marc Johnson, the Premier of Quebec, is reported as having said that he will not hold a referendum on sovereignty within five years. He then went on to say that he believes that Quebec will one day decide democratically to become sovereign.

Honourable senators, having been a resident of Quebec for many years—

Senator Flynn: Why did you leave?

Senator Sinclair: Because of the Péquistes, along with a lot of other people.

Senator Flynn: Are you going to go back?

Senator Sinclair: Many other people left for the same reason.

I want to know, in light of that statement by Pierre-Marc Johnson, whether the Leader of the Government in the Senate believes that people should have some fear of that government in Quebec.

Hon. Duff Roblin (Leader of the Government): If my honourable friend wants to take part in a Quebec election campaign, then let him go there.

I believe that if we were asked about it, we would say that the people of Canada or the people of Quebec have nothing to fear from either Mr. Johnson or Mr. Bourassa. They are both well-motivated public men and will do what the electorate of their province will instruct them to do.

[Senator Roblin.]

Senator Sinclair: Honourable senators, it may very well be that my honourable friend does not want to answer my question. I asked him whether he felt that a person who believes that one day Quebec will become sovereign is a person to fear.

Senator Roblin: I think my honourable friend must learn the rules of the house. He should not ask me to express a personal opinion on a matter of this kind. I may have my personal opinion, but I am certainly not going to express it as the view of the Government of Canada.

We have been remarkably successful in the short time we have been in office in bringing Quebec back within the circle of Canadian provinces.

Some Hon. Senators: Hear, hear.

Senator Roblin: We have done what, for 14 years, my honourable friends could not do and, particularly, the gentleman sitting there who had a great deal to say about it in those days. They never brought Quebec back into the circle of the Canadian provinces, and he left.

Senator Steuart: What are you talking about? We won the referendum. You guys were hiding under a bush.

Senator Flynn: You don't know what you are talking about.

Senator Steuart: We won the referendum.

Senator Roblin: Very good, and I give you credit for that. I take nothing away from the policy on the referendum. I am saying that we have brought Quebec part way back into the circle of the Canadian provinces.

Furthermore, I say that with any kind of luck at all, we will be able to develop the constitutional accord with that province that my honourable friends opposite were not able to bring about.

Sit down; I am not through!

Senator Steuart: You sit down.

Senator Roblin: I will not sit down; I am on my feet. You raised this point, not me.

Senator Sinclair: You do not know how to answer.

Senator Roblin: You do not know how to ask a question. My honourable friend does not know the first thing about parliamentary procedure. Perhaps he should ask his friend sitting next to him, because he knows something about it.

I am not going to prolong this interchange with my honourable friend because I have made my point.

Senator Sinclair: Honourable senators, the Leader of the Government in the Senate has had a lot to say about Quebec, but the fact is that what brought Quebec into Canada was the view of the people of Quebec and that of the people of Canada, not the Péquistes. They have always been for sovereignty. They still are, and their leader has said so. If my friend believes that is not something to fear, I am very much surprised.

Senator Roblin: I have the same confidence in the good sense of the people of Quebec as does my honourable friend.

They will stay within our confederation regardless of any transient opinion which might be expressed.

Senator Sinclair: Including that of the Prime Minister?

Senator Frith: A well-chosen adjective, I must say.

Senator Flynn: A very low blow. Undistinguished. Rubbish.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have no delayed answers, but, in order to return the chamber to its usual calm and equable frame of mind, I can say that I will have some answers tomorrow.

● (1450)

INTERNATIONAL TERRORISM

SEIZURE OF EGYPTIAN AIRCRAFT—EXPRESSION OF OUTRAGE—EXPRESSION OF CONDOLENCES—NOTICE OF MOTION

Leave having been given to revert to Notices of Motions:

Hon. H. A. Olson: Honourable senators, I give notice that on Wednesday, November 27, 1985, I will move:

> That the Senate express its shock and outrage at the recent terrorist attack on the Egyptian aircraft and urge that an international effort be made to strengthen security measures at airports to reduce the risk of this happening in future; and
>
> That the Senate express sincere condolences to the families of all the victims.

CRIMINAL CODE

BILL TO AMEND (LOTTERIES)—SECOND READING—DEBATE ADJOURNED

Hon. Nathan Nurgitz moved the second reading of Bill C-81, to amend the Criminal Code (lotteries).

He said: Honourable senators, in June of 1985 the federal and provincial governments concluded an agreement concerning funding for the 1988 Winter Olympics that are to be held in Calgary, Alberta. Part of that agreement included proposals to amend the Criminal Code in order to clarify the law concerning lotteries and other permitted gaming activities. The bill which has now been introduced in this house is in furtherance of that agreement, as well as proposing a number of additional amendments that arose out of subsequent federal-provincial negotiations.

Currently, under the Criminal Code, all lottery, gaming and betting activities are illegal in Canada unless specifically allowed. However, there exist a number of statutory exceptions. Two of these exceptions concern, first, the operation of sports pools by the federal government and, second, the operation of lottery schemes and games of chance by either the federal or provincial governments and the licensing by the provinces of lottery schemes and games of chance that are operated by other persons, such as charitable or religious organizations.

These provisions in the Code are very complex—as complex as tax statutes, I might suggest—and at times their meaning must be discovered with the help of lawyers, if not the courts. For years there have existed uncertainties in the law. This has resulted in the launching of lawsuits in court by each government over the proper interpretation of the present law and the rights and responsibilities of each level of government concerning the operation of lotteries and other gaming activities.

Honourable senators may recall, respecting the last federal government lottery program when our colleague, Senator Perrault, was the minister responsible for fitness and amateur sport, that the Quebec government brought injunction proceedings against the federal government with respect to a program brought in after a previous agreement. I raise this matter only to indicate some of the litigation it generated and not to get into the rights and wrongs of the case.

These legal battles led to ill feeling, I regret to say, between the federal and provincial governments, and diverted public resources to needless court battles. When this government took office it decided to put an end to unproductive federal-provincial wrangling and decided to embark upon a course of action that would achieve mutual agreement between the two levels of government for the public benefit.

The negotiations concerning funding for the Calgary Olympics provided an opportunity for achieving mutual federal-provincial reconciliation of these outstanding legal issues. Therefore, the agreement concluded last spring included proposals for both the out-of-court settlement of outstanding federal-provincial litigation in this area and the clarification of the legal rights, powers and responsibilities of each level of government.

I would like to detail, for the benefit of honourable senators, the exact nature of the amendments proposed in the bill that would achieve that clarification.

The repeal of section 188.1 of the Criminal Code would end the legal authority of the federal government, and the governments of one or more provinces which have entered into an agreement jointly with the federal government, to operate and manage sports pool betting. As honourable senators know, one of the first acts of the government when it took power was to kill and dismantle the administrative structure of the Canadian Sports Pool Corporation.

Senator Frith: Kill and dismantle?

Senator Nurgitz: Kill, dismantle and step on it.

Senator Frith: Catch the fish before you clean it.

Senator Flynn: That is quite noble.

Senator Frith: That is what I am saying.

Senator Nurgitz: In any event, this amendment would forever take away from the federal government the ability to start an unsuccessful casino operation; that is, that the authority to do it would be gone so that there would be no question as to

whether or not it could be done well. It could not be done at all.

In 1979, during the brief period of the Conservative government, agreement was reached with the provinces—

Senator Flynn: "Brief", he did not say "sweet".

Senator Frith: Fairly sweet and very brief.

Senator Roblin: A lot can happen in nine months.

Senator Nurgitz: The then Conservative government agreed with the provinces that it would no longer operate federal lotteries. The proposed repeal of paragraph (1)(a) of section 190 of the Criminal Code would go further and statutorily prevent the federal government from restarting the operation of federal lotteries.

Honourable senators, these two amendments would thereby remove the legal authority for the operation of sports pools, lotteries and other gaming activities under federal jurisdiction. Such activities would only be permitted under direct provincial management and control or under the operation of other persons, such as boards of fairs or religious or charitable organizations, in accordance with a licence issued by any given province, if the province decided to have such legislation.

The proposed amendments in the bill would also clarify provincial licensing powers and would provide greater provincial control over accountability by operators in order to ensure that permitted gaming activities are properly regulated. For example, the amendment to subsection 190(2) provides that the terms and conditions of a licence issued by the provincial government may be imposed not only by the provincial government but by the provincial legislature, as well. While a series of amendments to paragraphs (1)(a) to (f) of the current section 190 would permit any person, for the purpose of the operation of, or participation in, a lottery scheme to do anything required for such purpose, the new subsection (3) of section 190 would create new and broad offences in respect of persons who do anything that is not authorized by or pursuant to the Criminal Code. The maximum punishment for an offence proceeded with by way of indictment would render a person liable to imprisonment for up to two years.

The proposed amendments contained in this bill also clarify what types of lotteries and gaming activities the provinces, and those persons acting under a provincial licence, may operate and conduct.

● (1500)

For example, the new paragraph 1(b) of section 190 would treat lotteries and other games of chance that are conducted by charitable or religious organizations at bazaars in the same manner as lotteries and games operated by the same organizations that are not conducted at bazaars.

Monetary limits currently exist in the Criminal Code in respect of both the amount permitted to be paid to play a game and the value of the prizes awarded at lotteries and games conducted at bazaars. The amendment would remove the monetary limits and would treat equally all charitable or religious lotteries and games. This will permit the provinces to set their own monetary limits.

The restrictive monetary limits with respect to lotteries and games of chance that are operated under provincial licence by persons at public places of amusement would, however, remain in the Criminal Code, since these lotteries or games could be operated for private profit.

The current statutory limit of a $100 prize limit and a limit of 50 cents that could be paid to play a lottery or a game were set in 1969. Due to inflation over the years, it is proposed to increase these limits to $500 for prizes and $2 for amounts permitted to be paid in order to play a lottery or game.

The new paragraph (1)(c) of section 190 would extend to the board of any fair or exhibition approved by the province the ability to conduct and manage a lottery scheme under a provincial licence.

At present, only agricultural fairs or exhibitions may be licensed. The current law, therefore, discriminates in favour of agricultural fairs and against other produce or industry fairs, such as those concerning fishing or lumbering, for example.

Surely, if agricultural fairs can operate lotteries and games of chance, then fishery fairs, such as lobster festivals, should be able to conduct similar activities.

It should be noted that not any type of fair would be permitted to obtain a licence. Rather, only those fairs or exhibitions designated and approved by the province would be able to obtain a licence.

Hon. Royce Frith (Deputy Leader of the Opposition): Did you say fishery and *lumbering* fairs?

Senator Nurgitz: Yes. Under the current Criminal Code, the only permitted type of fair is an agricultural fair. Under the amendments contained in Bill C-81, there will no longer be that restriction.

Senator Frith: The proposed subsection 189(3.1) sets out the definition of "fair or exhibition"; it reads:

> (3.1) For the purposes of this section, "fair or exhibition" means an event where agricultural or fishing products are presented or where activities relating to agriculture or fishing take place.

Senator Nurgitz: And I have added lumbering. I take your point.

Senator Frith: I do not see any reason why lumbering fairs should not be included. I simply do not see where it so states in the bill.

Senator Nurgitz: I am advised by the Deputy Leader of the Government that lumbering is a form of agriculture.

Senator Doody: Great big plants.

Senator Nurgitz: They just grow thicker and longer than the usual agricultural product.

Senator Frith: Tossing the caber at the Caledonian games, I suppose, could constitute a "lumbering" activity.

Senator Nurgitz: A series of amendments to section 190 would also permit provincial governments and approved fair or exhibition boards to operate a wheel of fortune. Currently, only licensed charitable or religious organizations and persons at a public place of amusement may operate wheels of fortune.

Since all of these activities would be subject to either direct provincial operation or provincial licensing control, there is no need to maintain the current discrimination.

I would also like to point out that the new paragraph 1(h) of section 190 would amend the present subsection (4.1) of section 190 to permit the manufacture and export of gaming and betting equipment to any place where it is lawful to use such equipment, or where a legal structure exists for the approval of the use of such equipment.

The current subsection 190(4.1) only refers to lottery tickets and cards and does not permit exports out of Canada. A number of Canadian companies that invent and devise lottery schemes and manufacture lottery tickets and other gaming material have achieved international respect for the quality of the products used in Canadian lotteries and games. The present law, however, prevents these companies from exporting the products of this Canadian expertise. The proposed amendment would permit Canadian companies to compete equally with companies of other nations in the international marketplace.

Subsection (5) of section 190 at present defines "lottery scheme" to include a game, and section 179 defines "game" to mean "a game of chance or mixed chance and skill".

This vague definition of "lottery scheme" has produced a number of legal disputes, both in and out of court, as to what types of gaming activities are legal under the banner of "lottery scheme."

Recent judicial interpretation has given the concept a very broad meaning. Combined with the *non obstante* clause in the opening words of section 190, this judicial interpretation could open up the scope of permissible gambling by provinces and licensed persons within provinces to include a broad range of betting and gambling activities, including the betting on the outcome of all sorts of events, whether athletic or otherwise. While the provinces have not chosen to jump fully into this area in any large way, it is certainly thought that proper legal limits should be established, with guidelines put in place in each province as to what is and what is not considered acceptable.

The proposed amendments would clearly provide in the legislation the authority for provincially operated or licensed activities that have been or are currently being undertaken. Clear legislative authority would be given to the provinces to operate, or to license the operation of, lotteries and other games of chance that involve betting, pool selling and pool system betting. This conduct is currently permitted under judicial interpretations of the present law.

In fact, some provinces are actually in the casino business. By way of example, the provinces of Manitoba and Alberta, on a given number of days in a year, permit the operation of gambling casinos. As a result, in such cities as Edmonton, Calgary and Winnipeg, we have casinos operated by the province, with the proceeds going, in part, to charitable organizations.

In the city of Winnipeg, for example, these casinos are conducted at the Winnipeg Convention Centre and involve such activities as blackjack, roulette and a lottery ticket scheme that is equivalent to slot machines.

Senator Frith: And these casinos are run by the provincial government?

Senator Nurgitz: They are run by the provincial government, yes. There is no magic to the system. In the case of the province of Manitoba, the Province takes 20 per cent of the take, with a charity or charities named to receive the remaining 80 per cent.

The amendments would, however, create some additional limits to those that currently exist in the law. The operation or licensing of certain types of activities would be prohibited. For example, the operation of a dice game, three-card monte, punch board and coin table would continue to be prohibited as under the present law.

In addition, the proposals would not permit the provinces or licensed organizations to conduct bookmaking, pool selling, or the making or recording of any types of bets, including pool or pari-mutuel betting on any race or fight or on a single sporting event or athletic contest.

Therefore, lawful lotteries or gaming activities operated or licensed by the provinces would be restricted to the results or outcomes of a combination of at least two or more sporting events or athletic contests, or to the outcome of any other contingency or contingencies, such as the drawing of numbers or cards, the spinning of wheels, et cetera.

The bill also proposes restrictions in respect of lotteries or other games of chance that are operated through computers, video devices or other machines that amount to "slot machines" within the meaning of that term in the Criminal Code. Only provincial governments themselves would be permitted to operate such devices. The provinces would not be able to license the operation of such devices by other persons.

Lastly, the amendments contained in Bill C-81 would ensure that the only provisions in the Criminal Code that would permit pari-mutuel betting on horse racing are those contained in section 188 of the Criminal Code of Canada. This section provides that the regulation of horse racing is, and remains, a federal responsibility.

I think it is clear from what I have said that the bill clarifies a number of uncertainties in the law. Additionally, it gives clear legislative recognition to past and present provincial activities while at the same time putting in place some very clear restrictions and bounds as to what is and what is not permissible.

Given the state of the current law and judicial interpretation of it, the proposed amendments, when viewed correctly, do not promote an expansion of gambling; rather, they set some realistic and clear standards of what is permissible. In some

cases, the amendments even restrict the scope of the current law.

It is only because the law has finally been spelled out in black and white that some honourable senators may have gained the impression that this bill promotes the expansion of gambling. By clearly setting out what is permissible, it is hoped that the reverse may well be true as well; that is, that the prohibitions are clearly defined.

Honourable senators, I urge passage of this bill.

On motion of Senator Perrault, debate adjourned.

• (1510)

SEEDS ACT
CANADA GRAIN ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. R. James Balfour moved the second reading of Bill C-64, to amend the Seeds Act and the Canada Grain Act.

He said: Honourable senators, this bill contains long overdue amendments to the Seeds Act. A good deal has happened in the seed industry since the last time major amendments were made to the act, as far back as 1959. The industry has doubled in size during the past eight years, both in terms of acreage and authorized establishments. It now generates about $350 million annually in sales, including domestic and export markets.

This bill will help ensure that farmers get what they pay for and that the owners of seed varieties are engaged in fair competition.

One of the key elements of the bill is that it will provide greater authority under the Seeds Act to protect against false advertising and to strengthen the seed licensing system.

For some years now seed associations have been expressing concern about distorted or even false advertising of seed varieties. The amendments to the Seeds Act before us will ensure that if the privatization trend continues, there will be effective regulation of the quality and sales of seed in this country.

These amendments will halt false or distorted advertising practices by providing for the disclosure of certain information when seed is advertised, and by prohibiting the use of variety names when the seed is not pedigreed.

By strengthening our licensing system now, we will be guaranteeing against any possible introduction of inferior varieties in the future.

The penalties proposed in the bill for violation of the act are much tougher. The maximum penalty on summary conviction will be raised from $2,000 to $25,000, and on indictment will be at judicial discretion. This new level is a much more effective deterrent.

I am in full agreement with tougher provisions because they send a clear signal to the seed industry and to producers that this government is serious about maintaining a high standard of seed quality in this country.

[Senator Nurgitz.]

The bill will also extend the time limit for instituting proceedings by way of summary conviction, allowing more time for proper investigation of complaints and for the institution of legal proceedings.

I wish to make note of the bonding provisions in the bill, because it is an important aspect of quality control in Canada's seed industry. Under the current system, all imported seed is held in bond while it is tested to ensure that quality requirements are met.

This bill will transfer bonding authority, through the Seeds Act, from the jurisdiction of Customs and Excise to Agriculture Canada.

Finally, I would like to draw the attention of honourable senators to the role of the Canadian Seed Growers Association in the administration of this act. With the exception of seed potatoes, the Seed Growers Association is the official seed pedigreeing agency in Canada. The members of this organization can take a great deal of the credit for establishing standards to ensure varietal purity of crops.

I am pleased to see that the bill proposes to establish clearly the role of the Canadian Seed Growers Association in the Seeds Act. Like many of the other measures contained in the bill, this particular provision is long overdue.

I noted that consultations with the provinces and seed associations occurred prior to the introduction of this bill. As a result, I understand that there is widespread support for it. Therefore I am urging all honourable senators to support this important legislation.

Hon. Royce Frith (Deputy Leader of the Opposition): May I ask the sponsor a question? I presume that this bill has nothing to do with plant breeders' rights.

Senator Balfour: No.

On motion of Senator Frith, for Senator Sparrow, debate adjourned.

CUSTOMS BILL

SECOND READING—DEBATE ADJOURNED

Hon. R. James Balfour moved the second reading of Bill C-59, respecting Customs.

He said: Honourable senators, this bill is an important and much-needed piece of legislation, and one which has broad support among those who will be affected by its provisions.

Some honourable senators may not be aware that the current Customs Act was one of the very first legislative initiatives of Canada's first Parliament in 1867. It is now 118 years old, and although it has been substantially amended over the years, today it is badly out of date and largely incompatible with modern business practice and transportation and travel conditions.

It became clear some time ago that further amendment and tinkering with the present law was no longer sufficient. A completely new Customs Act was needed which would eliminate the obsolete and inconsistent provisions of the current act;

arrange the provisions in a simpler and more logical structure; give the department more flexibility in responding to changed conditions in modern transportation and business practice; and, finally, modernize the procedures for revenue collection and administration to reduce the paper burden, where possible, on both the government and the business community.

Honourable senators, all these basic objectives have been met in Bill C-59, which we are now considering. The new bill was developed only after extensive consultation with those who will be most affected by its provisions. The department consulted with importers and exporters, brokers and agents, and representatives of the travelling public. What has emerged is a bill which has won the praise and support of these groups, and, at the same time, one which will enable Customs to carry out its responsibilities for administering and enforcing the law governing the movement of persons and goods across our borders more effectively and efficiently.

For one thing, it is shorter, simpler, more understandable and more logically structured than its predecessor. This in itself should make it easier for the department to administer and easier for the business community and the public to understand.

I do not intend to deal in detail with the various clauses of Bill C-59. However, honourable senators, I should like to mention just a few examples of how this bill has been improved and modernized to meet business conditions as they exist in the 1980s.

One of these areas is that of speeding up the process of customs clearance and delivery of imported goods. The pace of business has accelerated rapidly in recent years. Time is money, and manufacturers and importers try to work with minimal inventories and a fast turnaround whenever possible. We live in an age of extensive use of containerization, air transport of goods, and rapid, even overnight, delivery to relatively distant points.

To facilitate faster processing of imported goods, there have been many requests from importers—and from travellers—for more simplified entry accounting systems. This bill permits expedited release of imported goods from customs control. This, in turn, will provide for more rapid delivery of the goods to the manufacturer or importer.

At the same time, through provisions for post-release audits, it ensures that Customs can follow through and ensure that all duties owing to the government are, in fact, paid.

Another area in which the new act has been strengthened to reflect current policy is that of ensuring fair and equitable treatment of those who must pay duties and taxes under the act. This is in keeping with the government's overall policy of fair dealings with Canadian taxpayers as exemplified in the *Declaration of Taxpayer Rights* published by the former Minister of National Revenue earlier this year.

When disputes arise, as they sometimes do between the department and importers, over tariff classification or the value for duty of imported goods, the new act provides that the department will accept security in lieu of cash payment pending a review. This obviates the necessity of their tying up sometimes large amounts of capital until the dispute is resolved. Further, when such settlements are favourable to the importer, the government must pay interest on moneys refunded following a disposition of the case. The government will also pay interest on refunds or drawbacks which are not dealt with expeditiously. These related provisions are designed to ensure equitable treatment of taxpayers to reflect the concept that no taxpayer should be penalized when he or she is in honest and legitimate disagreement with the federal government over the payment of taxes or duties. Through all its provisions the new act reflects the principles underlying the Canadian Charter of Rights and Freedoms. The act incorporates a decision by the Supreme Court concerning the burden of proof in criminal proceedings.

• (1520)

Honourable senators, the customs officers of the Department of National Revenue are required to administer not only the Customs Act, but to assist in the administration of some 60 other pieces of federal legislation. Many of them deal with the enforcement of restrictions on what may or may not be imported into or exported from this country. The new Customs Act will strengthen within reasonable limits the power of the department to enforce such laws and regulations for the benefit and protection of Canadian citizens.

One of its provisions deals with the power of the department to open for inspection mail items which they have reason to suspect might contain illicit materials such as drugs or pornography. The new act transfers the powers relating to such inspections from the Canada Post Act to the Customs Act. It gives customs officials the right to open mail items weighing more than 30 grams without first obtaining the permission of the sender or addressee. But I would like to reiterate that no item will be opened unless the officials have reasonable grounds to suspect that dutiable or prohibited materials are enclosed. These provisions will also help the department greatly in its battle to prevent the use of the mails to circumvent Canadian law prohibiting illicit importation.

Honourable senators, in these and many other ways this new bill represents a significant improvement over the current Customs Act. This government is committed to a course of improving the effectiveness and efficiency of overall government operations while, at the same time, reducing the cost and paper burden for those who must do business with the government. Sometimes this requires legislative change, as in this case. We expect a great deal of customs officers. We expect them to provide courteous and efficient service to thousands of Canadian businesses and millions of Canadians and foreign travellers who cross our borders. We expect them to collect revenues effectively. Customs and Excise is responsible for almost 25 per cent of all federal revenue collections. We expect them to protect our borders vigilantly against illegal and undesirable importations. This new law will help them carry out all these responsibilities more effectively than in the past.

This bill has been carefully prepared and subjected to much scrutiny by private sector groups and by a legislative committee of the other place. It represents much-needed and popular legislative reform. I hope honourable senators will join with me in supporting this bill so that it may be passed into law and proclaimed into force at the earliest possible date.

On motion of Senator Neiman, debate adjourned.

STANDING RULES AND ORDERS

FOURTH REPORT OF COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Davey, for the adoption of the Fourth Report of the Standing Committee on Standing Rules and Orders (Royal Assent), presented in the Senate on 6th November, 1985.—(*Honourable Senator Roblin, P.C.*).

Hon. Duff Roblin (Leader of the Government): Honourable senators, if I have the permission of the Senate, I would like to defer my contribution to this debate until December 17. However, if other members of the house would like to take part in the discussion before that time, I hope they will feel quite free to do so. Otherwise, I ask that the order stand.

Order stands.

CANADA'S INTERNATIONAL RELATIONS

SPECIAL JOINT COMMITTEE—INTERIM REPORT ON BILATERAL TRADE WITH UNITED STATES AND CANADA'S PARTICIPATION IN RESEARCH ON STRATEGIC DEFENSE INITIATIVE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Interim Report of the Special Joint Committee on Canada's International Relations pertaining to Bilateral Trade with the United States and Canada's Participation in Research on the Strategic Defense Initiative, tabled in the Senate on 17th September, 1985.—(*Honourable Senator MacEachen*).

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I would like to make some comments on the Strategic Defense Initiative and arms control in light of the recent superpower summit. At the summit concluded last week, the President of the United States refused to budge from his decision to pursue research into the possibility of constructing a defence against enemy missiles. This Strategic Defense Initiative has been warmly embraced by the President as a goal of national policy to such an extent that its pursuit has now become a major obstacle to the conclusion of any arms agreement. We are told that at one time the advisers of the President put forward this proposal as a bargaining chip which might facilitate movement on the part of the Russians in reaching an agreement to reduce the stocks of nuclear arma-

[Senator Balfour.]

ments. Whatever the origin of the policy, adherence to it is now a litmus test of American resolve.

The allies of the United States have been invited to participate in the research, presumably to express alliance solidarity on the basic American objective. However, the alliance has not been put to the severity of the test associated with the deployment of the cruise missiles in Europe. Honourable senators will recall that the North Atlantic Treaty Organization took what is now known as the "two-track decision" in 1979. One track was to proceed with the deployment of cruise and Pershing missiles in accordance with an agreed schedule unless, through a process of negotiation which the alliance was prepared to undertake with the Soviet Union, agreement could be reached on the matter of the deployment of theatre nuclear weapons in Europe. The North Atlantic Treaty Organization was convinced that the build up of SS-20s in Europe by the Soviet Union posed a threat not only to the security of Europe but also to the solidarity of the alliance itself and that a firm and concerted alliance response was required. That response, as we all know, was contained in the form of the decision which I previously mentioned and contained in the ministerial communiqué of December, 1979.

A number of subsequent effects flowed from that decision—in a sense, a watershed decision—which are quite relevant to our present concerns. First, the Soviet Union accused the alliance of an arms build-up and sharply challenged the assertion that any arms imbalance existed in Europe as a result of its deployment of SS-20s. It became apparent that a principal objective of the Soviet Union would be to undermine public opinion in NATO countries through a massive propaganda effort and, where appropriate, through threatening statements by Soviet leaders designed to unnerve public opinion and political leaders.

● (1530)

A second effect was that the numbers game became a principal preoccupation of parliaments and the public. The effort on the part of the members of the alliance to show, by comparison of the numbers of weapons held by the Soviet Union with those held by the United States, the legitimacy of the decision to proceed with deployment became very complicated indeed, and no doubt stimulated the Soviet Union to argue that the nuclear forces of the United Kingdom and France should be included in the negotiations which had been launched in Geneva.

A third effect was that real skepticism developed with respect to the intentions of the United States with respect to arms control. At times, statements emanating from the United States were disturbing; the concept for example, of the "winnable nuclear war" was identified with the thinking of the President of the United States.

Finally, as we all know, the intermediate nuclear force negotiations were eventually terminated by the Soviet Union in Geneva in accordance with previously declared Soviet intentions when the first nuclear missile was deployed in Europe by the United States.

Arms control was then and remains today a focal point of east-west relations. The conclusion of any arms agreement has been hindered by the poor state of east-west relations, with the distrust and suspicion so high at times that it found expression in exaggerated rhetoric, either in Washington or in Moscow. In fact, that period of relationship was described as megaphone diplomacy and it became an objective of other countries to try to reduce the rhetoric, because it was necessary to do that if there were to be any improvements in east-west relations.

Honourable senators, it is apparent that the limited outcome of the Geneva Summit just concluded bespeaks the continuing distrust, or lack of trust, between the superpowers. One ought not to be surprised at the failure to reach substantive agreement on arms control in view of the stiff attitudes which prevailed prior to the summit. The encounter between Mr. George Shultz and Mr. Gorbachev in Moscow prior to the summit was revealing, certainly on that point. It was not just that the Soviet leader proved to be a very combative interlocutor but also that he formulated a perception of the United States which Mr. Shultz described as not being in accordance with reality as it existed in the United States. One can understand that, because the Soviets were somewhat appalled, I think, when the President of the United States described the Soviet Union as an evil empire.

Senator Flynn: Some years ago.

Senator MacEachen: Some years ago, it is quite true. So that is the atmosphere that prevailed in Geneva. It is worth mentioning that the Prime Minister of Canada expressed his opinion that arms control should take precedence over bilateral issues, over human rights and over regional questions at the Geneva Summit. He believed that arms control should take precedence over all those other matters and that the United States and the Soviet Union should go the extra mile to reach an arms agreement. We now know the results of the Geneva Summit: The participants did not go the extra mile on arms control. That extra mile still remains to be travelled.

If a single point emerges from what I have been saying, it is that the deployment of weapons, or the prospect of a new system of weapons—even a defensive system as is proposed by the United States—is disturbing and unsettling. It is clear that the Strategic Defense Initiative introduces a new and unsettling factor in parliaments, in public opinion and certainly in east-west relations. We must bear in mind that the west, at the time the President launched his Strategic Defense Initiative, was emerging from the deep conflicts and debates occasioned by the deployment of the United States weapons in Europe. The North Atlantic alliance itself had demonstrated its ability to withstand the massive propaganda and the pressures of the peace movement by going ahead with missile deployment. As a result of that decision and the determination with which the alliance had carried out its intentions, the Soviet Union had suffered a major political and propaganda setback.

In Canada, we ourselves successfully faced the controversy which surrounded the decision of the Government of Canada to test the navigational system of the cruise missile. The political momentum at the time was moving inexorably in the direction of the west, and one is naturally bound to ask: Why did the United States inject a new and disturbing element into that political situation which was developing at that time?

The President proclaimed his intention to embark upon his Strategic Defense Initiative in March of 1983. It so happened that that announcement coincided with the visit of Vice-President George Bush to Canada. In fact, just some hours prior to the President's speech, Mr. Bush advised the Prime Minister of Canada of the main thrust of the President's speech and of his intention to make a new proposal to build a defensive system against enemy missiles. Mr. Bush, of course, added his own explanation and his own defence of the action which the President was to spring on the world at that particular time.

I do not intend to argue, as has been done in the committee report, the reasons why the committee found the Strategic Defense Initiative to be justified. I am talking about the political aspects. But it is a fact that the President, in his speech announcing the Strategic Defense Initiative, concentrated his attention on the security that would prevail in the world if a successful defence could be developed against missiles from other countries. As I recollect, he did not lay any stress whatsoever upon the potential of the Soviet Union for undertaking a similar technological breakthrough. In fact, if I recollect correctly, he did not mention any threat whatsoever. He defended it basically on its possibilities of creating a non-nuclear future.

● (1540)

Nothing occurred at the recent summit to solve the political and arms control problem created by the Strategic Defense Initiative. Indeed, the opposite is true. There was no meeting of minds that would even permit a reference to the subject in the final communique.

Mr. Weinberger, the Secretary of Defense in the United States, took pains to secure the U.S. position in a letter which he addressed on November 13 to the President and which was eventually leaked to the press.

It appeared to many observers prior to the summit that both the United States and the Soviet Union realized their own rigidity and faced the fact that neither was prepared to budge from their original positions. With the realization that the extra mile which had been advocated by the Prime Minister in the field of arms control was not to be travelled, they broadened the agenda to include other items and they reduced the emphasis on arms control in order to make possible a summit which would be judged a reasonable success in the absence of any breakthrough on arms control.

The Strategic Defense Initiative remains on the table as a burning issue between the United States and the Soviet Union. It is reported that the temperature rose very rapidly when the Soviet leader dealt with that question at the summit meeting, and it is a matter of public record that the President of the United States, following the summit, made it very clear that he had not made any concessions whatsoever on the Strategic Defense Initiative. Despite the illumination that we derived

from the committee report which we are debating, that remains as the central issue between east and west as the deployment of the nuclear weapons in Europe by the United States and the Soviet Union had become the principal issue between the east and west several years ago.

In saying that, I am not in any way downplaying what I consider to be the positive aspects of this recent summit in Geneva. The fact that both sides after a period of six years agreed to meet and to spend so many hours in discussion must be of great significance. The fact that both sides agreed to meet at the highest possible level next year and again the following year is of significance and gives hope that through further discussion and through further negotiation some concrete results can be achieved. The emphasis that has been placed at the summit on the acceleration of the arms negotiations may, indeed, prove useful. We hope it will and, of course, the resumption of exchanges in various fields is an indication of an often improved political atmosphere more than it is a change of position on matters of substance.

Cultural and academic exchanges, for example, are a reflection of improved atmosphere because the first exchanges that were interrupted when the Soviet Union downed the Korean airliner were academic and cultural. Of course the interesting or revealing resumption, as I understand it, is of flights between the Soviet Union and the United States. When one recalls the bitterness of the atmosphere that prevailed at the time of the Korean aircraft downing, and when one observes what has happened, one can only say that the Geneva Summit was a very important event in east-west relations.

In all of this Canada does have a role to play. It is a limited one but an important one in terms of indicating to both the United States and the Soviet Union that we expect them to make the necessary accommodations that will result in some agreement on arms in general but also on some agreement that will take the Strategic Defense Initiative from its present status as a major obstacle to an overall arms deal.

Canada should continue to press both sides to reach compromise solutions and, particularly, to reach an early accommodation on the Strategic Defense Initiative.

The present Prime Minister understands Canada's role. The former Prime Minister, Mr. Trudeau, also understood Canada's role. In the final year of his leadership he launched a major effort to secure an improvement in east-west relations. Much of what he advocated and which seemed so far away has now been achieved.

President Reagan said, following the recent summit in Geneva, "We met and we had to meet. I had called for a fresh start and we made that fresh start."

I think that as Canadians we should not forget the fact that it was Canada through the peace initiative which first made the necessity of a fresh start a worldwide crusade. This was at a time when Washington was not as convinced as it is today of the need or desirability of a fresh start in east-west relations. The fresh start has been made and we can only hope that the impetus which will derive from that start will achieve positive results in the field of arms control which were not evident at the conclusion of the summit last week.

On motion of Senator Flynn, debate adjourned.

● (1550)

RIGHTS AND FREEDOMS

CANADIAN FORCES—SPOUSES OF MEMBERS—DEBATE ADJOURNED

Hon. Lorna Marsden, pursuant to notice of Wednesday, October 16, 1985, moved:

> That the Senate do urge the Government of Canada to permit freedom of assembly and speech, and such other freedoms guaranteed to all other Canadian citizens, for spouses of members of the Canadian Armed Forces.

She said: No doubt, some honourable senators regard this motion as unnecessary and much ado about nothing. However, the reaction of the Minister of National Defence to the rather mild action of a group of spouses of members of the Canadian Forces raises issues which lie at the heart of Canadian civil order and the means by which the state maintains civil order. I am confident that honourable senators will wish to speak their minds on this issue.

First, may I address the question: What is the nature of the organization referred to and what does it want? In the newsletter of the Organizational Society of Spouses of Military Members dated May 1985, we find the following:

> In the beginning we wanted a Dental Plan. As we thought of ways to inform our Government, it occurred to us that we needed a national association that could speak about the unique needs and concerns of Canadian military families. During a brain storming session in August 1984 OSOMM was born. We gained support from the local ECS, women's groups and from various individuals who donated their time and money. Our first newsletter was delivered and 40 women attended our first meeting. Base officials informed us at this time that a Dental Plan was considered "political activity" and as long as we pursued this issue we could not meet on the base to deliver our newsletter without censorship or have any of the numerous benefits of a non-public funded organization. If we agreed to forget about the dental plan and other "political" issues like homemakers' pensions, we could be provided with a building for a family resource centre within two weeks . . . Although all we had wanted was to communicate our need for a Dental Plan to our elected representatives and to form a national support group, it soon became apparent that archaic laws governing the Department of National Defence were now being applied to deny us the freedom of assembly, association and free speech guaranteed to all other Canadians under the Charter of Rights and Freedoms. DND officials have maintained that a group of women seeking changes in living conditions and benefits, for example, a Dental Plan, would clearly threaten the political neutrality of the Canadian Armed Forces and therefore could not be

allowed these freedoms in their own communities. One DND official stated, "This would be the beginning of another Argentina—"

It is clear from this description of their own activities that the sorts of objectives for which the spouses of members of the Armed Forces were prepared to organize were relatively minor reforms in their community and way of life.

It should be noted that in the United States there is a military families organization which allows lobbying and which makes recommendations to the U.S. government. Furthermore, the U.S. Department of Defense has acted on their recommendations. This organization notes, further, that there are no fewer than 19 American national organizations representing the military and their families. In other words, such an association is not without precedent even within the military of allies.

The issue which is the subject of this motion is an important one in its own right. There are human and civil rights which speak to the quality of democracy and its freedoms in Canada and the rights of individuals which must not be overlooked and which are of vital importance in each of the provinces which senators in this chamber represent. However, the issue goes beyond this.

If there is one significant accomplishment which has been achieved over the past generations in Canada, it is the end of seeing the family and marriage as an instrument of social control for the whole society. There has been an evolution in public and private thinking about the nature of marriage from that of a man and his family acquiring property rights over a daughter-in-law or, at least, the wife becoming the property of her husband, to that of a partnership of free people making free choices. Women are no longer seen as forms of property who must give up their civil rights on marriage. Women are not the property of their husbands in our society in any sense. Husbands can now be charged by their wives with sexual assault. Wives are assumed to have access to the property created during marriage, not as a dowry but as a right. Wives do not have to stay with abusive husbands, nor husbands with abusive wives. Divorce is increasingly accessible and divorce reform is the subject of a bill before Parliament at this moment. Illegitimacy no longer exists as a legal concept in Canadian jurisdictions. Common-law marriages are recognized in property laws and in other important social and legal relationships.

The current government has made marriage the dividing line between classes of people in more than the instance before us today. We had, last spring, amendments to the Spouses Allowance which became available to widows or widowers of pensioners but not to the never-married, the divorced or the separated. Marriage became the dividing line. One fears that the government is going to institutionalize further this form of division in Canada.

What the Minister of National Defence and, perhaps, the government appear to see is a world where the institution of marriage is used as a means of social control over public issues and rights such as free speech and free assembly.

It is not proposed within the military community, at least up to this point, that by-laws governing community standards of behaviour be established, but, rather, that the enforcement of public behaviour be on the basis of marriage. This is a scandalous turning back of the clock—a re-assertion of all relationships, a denigration of marriage, and a denial of civil liberties.

It was suggested by the Leader of the Government in the Senate a few weeks ago that the government was prepared to make a statement on this immediate issue concerning the spouses of military members. I hope one is made soon and that it is a progressive one. However, that repentance on the part of the Minister of National Defence and his colleagues and the recognition of the modern era are not sufficient. It is necessary in this chamber that we signal our own firm conviction that marriage is not a dividing line upon which civil rights can be drawn. It is not a form of seclusion from the community; it does not turn off the mind or the activities of free citizens, and it will not be seen as an instrument of the state for the control of individuals in their relationship to their fundamental rights, no matter what the occupation of the person to whom they are married.

I urge you to vote in favour of this motion.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn: Honourable senators, may I put a question to Senator Marsden?

The honourable senator's motion reads that we should urge the Government of Canada to permit freedom of assembly and speech and such other freedoms guaranteed to all other Canadian citizens. It seems to me that, if these are guaranteed to all Canadian citizens, they must be applicable to spouses of members of the Canadian Armed Forces. Perhaps the honourable senator has some regulation in mind.

Certainly, if there is a violation of the Charter, that can be struck down by the courts.

I do not understand exactly what this motion means in substance, because the Charter applies to anyone, and marriage is not a reason for discrimination under the Charter.

Senator Marsden: I am glad to hear the honourable senator say that because, of course, I agree with him entirely; but the fact of the matter is that the Minister of National Defence backed up the commanding officer of the Armed Forces base on which these spouses organized to deny them freedom of speech and assembly. There is a case pending which, I trust, will be struck down on the basis of the Charter of Human Rights and Freedoms.

However, the Leader of the Government in the Senate indicated several weeks ago that the government would move before that case came to court, but it has not moved.

Senator Flynn: In any event, if a minister errs, whether it be a minister of the present government or a former minister of the previous government, I do not believe it changes the

Charter and I do not think your motion, if carried, can do anything in practice. It is an empty gesture that we are invited to make.

Hon. John M. Godfrey: Honourable senators, I should like to join in this discussion, and, before I do, I will remind Senator Flynn that he forgot to ask a question.

I do not see why citizens should have to go to the expense of court actions all the way up to the Supreme Court of Canada in order to establish their rights under the Charter. Where there is a clear violation, they should not have to do so. It is as simple as that.

Senator Flynn: Perhaps Senator Marsden will reply, but what Senator Godfrey has said is too simple.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, speaking to the motion and not asking a question of anyone, it seems to me that the motion proposes a political course of conduct that—

Senator Flynn: No.

Senator Frith: I suspect that Senator Flynn anticipates that I am going to disagree with him; he will not let me finish the sentence to do so.

The motion, in effect, requests the government to say to the Minister of National Defence that he ought to permit these people to do it. Then they do not have to go to court. What Senator Flynn says is quite right. If there is a violation of the Charter, there can be some way to remedy it. Where there is a wrong, there is a remedy in law. But this is not a court of law. This is a political institution, and a member of that institution is asking us to ask the government to reverse a political act that it has already taken. While I do not disagree in the slightest with Senator Flynn that there is another remedy, that is not the only remedy.

This is a simple, clear motion requesting the government to tell the Minister of National Defence to stop doing what he is doing.

Senator Flynn: It does not say that.

Senator Frith: Yes, it does.

Senator Flynn: I would not object if the motion said that we urged the government to abrogate some by-laws or some regulations—very specific by-laws or regulations. That is all right. But you are asking us to tell the government to please observe the Charter of Rights. For goodness sake—

Senator Godfrey: What is wrong with that?

Senator Flynn: In general, the simplifications of Senator Godfrey are always the same. He may not want to go to court, but he must know what he wants in any event. What is Senator Godfrey asking me to do in this specific case? Does he know?

Senator Godfrey: Yes, I know, because Senator Marsden told us. If Senator Flynn were listening, he would know exactly what she is asking him for and exactly what the government should do. It does not necessarily have to be in the regulations.

Senator Flynn: Has Senator Godfrey seen the regulations to which Senator Marsden refers? Does he know what he is talking about?

Senator Godfrey: I have heard Senator Marsden tell us today; I listened to her and I believe every word she said. I do not have to go and read the regulations. She said what they are and I am satisfied that she knows what she is talking about.

Senator Flynn: Anyone who talks like you would have the Senate do this sort of thing every time—

Senator Frith: Honourable senators, on a point of order, perhaps Senator Flynn is making some time for himself so as to propose an amendment to the motion. If it were an amendment along the lines that he has been suggesting, it might well be that we can all support it.

Senator Flynn: I am asking Senator Marsden whether she has a specific regulation in mind to add to her motion. I would like to know what I am doing. Perhaps Senator Godfrey does not mind not knowing, but I do.

Senator Frith: Honourable senators, there must be some difference between a specific regulation and a decision. Perhaps we need to amend the motion so that if there is a regulation, it can be cited; if there is no regulation, the decision that is made can be cited. For that purpose, unless Senator Marsden wishes to add something further, I will adjourn the debate on the motion to see whether we can come to a solution. It seems to me that we can all agree with the principle of the motion but, at the same time, that there is substance in what Senator Flynn has to say about some technical difficulties. Of course, we wish to make the amendment that would suit his requirements so that he could feel free to vote for the motion, as I believe he would like to do.

Senator Marsden: I will say to the Honourable Senator Flynn that I believe there is a specific regulation that can be quoted here. However, I was of the opinion that it is not necessary for us to tell the Minister of National Defence which regulation he might want to change and how he might want to do so. That is, after all, his prerogative. It does seem to me, however, that he did need some urging on in a course of action which is within his power to take now, and that our obligation here was not to draft his regulatory change but to express a sentiment in a certain direction in which I think many honourable senators would concur. Furthermore, I do think that the regulations that are referred to in the specific case of these particular spouses in Alberta may not be the only relevant regulations that he might want to change at the same time. Therefore, it seemed to me that there was nothing to be gained by a narrow, technical motion on this matter.

Senator Flynn: If you want to speak and say nothing, that is fine with me.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1495*)

POVERTY IN CANADA
SENATE REPORT ON POVERTY
POVERTY LINE UPDATE — 1984

POVERTY LINE REVISIONS: BASED ON CALCULATIONS WHICH INCLUDE ADJUSTMENTS FOR DISPOSABLE PERSONAL INCOME, FAMILY SIZE AND CHANGES IN THE NUMBERS OF FAMILY UNITS OF VARIOUS SIZES IN CANADA EACH YEAR.

COMPARISON BETWEEN SENATE COMMITTEE POVERTY LINES AND STATISTICS CANADA LOW INCOME LINES BY FAMILY SIZE FOR 1984

FAMILY SIZE	SENATE COMMITTEE POVERTY LINES 1984 (nearest $10)	SENATE COMMITTEE ESTIMATED 1985	STATISTICS CANADA REVISED LOW-INCOME CUT-OFFS 1984*
1	$ 8,850	$ 9,292	$ 7,276 to $ 9,839
2	14,750	15,487	9,510 to 12,981
3	17,700	18,585	12,734 to 17,365
4	20,650	21,682	14,720 to 20,010
5	23,600	24,780	17,117 to 23,318
6	26,550	27,877	18,687 to 25,468
7	29,500	30,975	20,590 to 28,032

* Base Year 1978 — amounts vary with degree of urbanization

The Senate Committee poverty lines are based on a formula which is updated annually on the basis of a measure of disposable personal income in Canada and changes in the distribution of families of various sizes.

THE SENATE POVERTY LEVEL is approximately 50% of average Canadian family income adjusted to family size, making provision for inflation and gross national product. For families of sizes 2, 3, and 4, the Poverty Lines are almost exactly half of the average income for families of those sizes.

STATISTICS CANADA: Poverty Level Lines are based on changing consumption patterns which now indicate that families who spend 62% or more of their income on food, clothing and shelter (as opposed to the 70% criterion used at an earlier date) are in straitened circumstances. These limits are also differentiated by size of area of residence.

NUMBER & PERCENTAGE OF UNATTACHED INDIVIDUALS AND FAMILY UNITS BELOW THE SENATE COMMITTEE POVERTY LINES AND STATISTICS CANADA REVISED LOW-INCOME LINES FOR 1984

1984 FAMILY UNIT	SENATE COMMITTEE POVERTY LINES 1984	STATISTICS CANADA LOW INCOME CUT-OFFS for 1984 *
Unattached Individuals	37.8% *** (1,025,000 persons)	38.4% (1,040,000 persons)
Family Units of two or more persons	22.3% ** (1,501,000 families)	15.0% (1,007,000 families)
Total Number and Percentage of Persons below Poverty Line	23.9% ** (6,024,000 persons)	17.8% (4,300,000 persons)

* 1978 base for revision
** Senate poverty lines include more families
*** Senate and Statistics Canada almost similar

1983		
Unattached Individuals	40.3% (1,068,000 persons)	41.1% (1,088,000 persons)
Family Units of two or more persons	21.8% (1,438,000 families)	14.6% (967,000 families)
Total Number and Percentage of Persons below Poverty Line	23.4% (5,621,000 persons)	17.8% (4,269,000 persons)

Statistics Canada figures for 1984 show that the lowest 20% of families and unattached individuals (lowest income quintile) receive only 4.3% of total income. In contrast, the highest 20% of families and unattached individuals receive 43.6% of total income. THESE FIGURES INDICATE THAT THE GAP FOR DISPARITY BETWEEN THE LOWEST AND HIGHEST GROUP IS CONTINUING TO GET GREATER IN RECENT YEARS.

CANADIAN STATISTICAL REVIEW, JUNE 1984 - The Senate Committee Poverty Lines (Senate). The Special Senate Committee on Poverty, chaired by Senator David A. Croll, developed poverty lines based on income levels which reflected "items of basic need". These lines are differentiated by family size and adjusted each year by an escalator based on

living standards, as reflected by the amount of disposable personal income available in Canada in any given year. The annual escalator is designed to adjust for real as well as nominal changes in income and for change in average family size over time. The resulting poverty levels are close to half of the average income for families of sizes 2, 3 and 4 in 1981. Senator Croll releases periodically an update of the Senate Committee poverty lines and those released for 1981 were used in this note.

PRODUCED BY
SENATOR DAVID A. CROLL
NOVEMBER 1985

POVERTY IN CANADA
UPDATED POVERTY LINE

SENATE REPORT ON POVERTY
UPDATED
1976 - 1985

POVERTY LINE REVISIONS: BASED ON CALCULATIONS WHICH INCLUDE ADJUSTMENTS FOR DISPOSABLE PERSONAL INCOME, FAMILY SIZE AND CHANGES IN THE NUMBERS OF FAMILY UNITS OF VARIOUS SIZES IN CANADA EACH YEAR

Family Size	Senate Committee Poverty Line 1976	Senate Committee Poverty Line 1977	Senate Committee Poverty Line 1978	Senate Committee Poverty Line 1979	Senate Committee Poverty Line 1980	Senate Committee Poverty Line 1981	Senate Committee Poverty Line 1982	Senate Committee Poverty Line 1983	Senate Committee Poverty Line 1984*	Senate Committee Estimated 1985
1	$ 4,660	$ 4,770	$ 5,300	$ 5,860	$ 6,610	$ 7,370	$ 7,940	$ 8,540	$ 8,850	$ 9,292
2	7,760	7,940	8,840	9,760	11,030	12,300	13,240	14,240	14,750	15,487
3	9,310	9,530	10,610	11,710	13,230	14,760	15,890	17,090	17,7800	18,585
4	10,860	11,110	12,390	13,660	15,440	17,210	18,530	19,940	20,650	21,682
5	12,410	12,710	14,140	15,610	17,640	19,670	21,180	22,790	23,600	24,780
6	13,960	14,300	15,910	17,560	19,860	22,130	23,830	25,640	26,550	27,877
7	15,510	15,890	17,690	19,510	22,060	24,590	26,470	28,490	29,500	30,975

SENATE REPORT: 1984 * POVERTY LEVEL for families of sizes 2, 3, and 4, is almost half of the average income for families of those sizes.

NUMBER & PERCENTAGE OF UNATTACHED INDIVIDUALS AND FAMILY UNITS BELOW THE SENATE COMMITTEE POVERTY LINES AND STATISTICS CANADA REVISED LOW-INCOME LINES FOR 1984

1984 FAMILY UNIT	SENATE COMMITTEE POVERTY LINES 1984	STATISTICS CANADA LOW INCOME CUT-OFFS for 1984 *
Unattached Individuals	37.8% *** (1,025,000 persons)	38.4% (1,040,000 persons)
Family Units of two or more persons	22.3% ** (1,501,000 families)	15.0% (1,007,000 families)
Total Number and Percentage of Persons below Poverty Line	23.9% ** (6,024,000 persons)	17.8% (4,300,000 persons)

* 1978 base for revision
** Senate poverty lines include more families
*** Senate and Statistics Canada almost similar

1983		
Unattached Individuals	40.3% (1,068,000 persons)	41.1% (1,088,000 persons)
Family Units of two or more persons	21.8% (1,438,000 families)	14.6% (967,000 families)
Total Number and Percentage of Persons below Poverty Line	23.4% (5,621,000 persons)	17.8% (4,269,000 persons)

SENATE REPORT: POVERTY LEVEL is approximately 50% of average Canadian family income adjusted to family size, making provision for inflation and gross national product. For families of sizes 2, 3 and 4, the Poverty Lines are almost exactly half of the average income for families of those sizes.

STATISTICS CANADA: Poverty Level Lines are based on changing consumption patterns which now indicate that families who spend 62% or more of their income on food, clothing and shelter (as opposed to the 70% criterion used at an earlier date) are in straitened circumstances. These limits are also differentiated by size of area of residence.

Statistics Canada figures for 1984 show that the lowest 20% of families and unattached individuals (lowest income quintile) receive only 4.3% of total income. In contrast, the highest 20% of families and unattached individuals received 43.6% of total income. THESE FIGURES INDICATE THAT THE GAP

OR DISPARITY BETWEEN THE LOWEST AND HIGHEST GROUP IS CONTINUING TO GET GREATER IN RECENT YEARS.

PRODUCED BY
SENATOR DAVID A. CROLL
NOVEMBER 1985

POVERTY IN CANADA
UPDATED POVERTY LINE

THE SENATE

Wednesday, November 27, 1985

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

Prayers.

IMMIGRATION ACT, 1976

MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-55—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a group of references to committee for pre-study of a number of bills which will be coming to us shortly from the other place. I have consulted with my colleagues opposite and will now introduce the motions.

I move, with leave of the Senate and notwithstanding rule 45(1)(e):

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the subject-matter of the Bill C-55, intituled: "An Act to amend the Immigration Act, 1976", in advance of the said Bill coming before the Senate or any matter relating thereto.

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

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Doody has consulted me about his intention to introduce these motions. I am not objecting to it, but I would mention that the consultation took place only about ten minutes ago. My first reaction is a positive one on all the motions—the one before us now and the three that are coming up—but I suggest we stand them until tomorrow, so that those who did not get the ten-minute notice I got will have a chance to consider them.

Senator Doody: But I will introduce all of them today?

Senator Frith: Yes, and I will then adjourn the debate on each until tomorrow.

Senator Doody: I have no objection to that at all.

On motion of Senator Frith, debate adjourned.

CONSTITUTION ACT, 1867
ELECTORAL BOUNDARIES READJUSTMENT ACT

MOTION TO AUTHORIZE LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-74—DEBATE ADJOURNED

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

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine the subject-matter of the Bill C-74, intituled: "An Act to amend the Constitution Act, 1867 and the Electoral Boundaries Readjustment Act and to provide for certain matters in relation to the 1981 decennial census", in advance of the said Bill coming before the Senate or any matter relating thereto.

On motion of Senator Frith, debate adjourned.

FAMILY ALLOWANCES ACT, 1973

MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-70—DEBATE ADJOURNED

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

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the subject-matter of the Bill C-70, intituled: "An Act to amend the Family Allowances Act, 1973", in advance of the said Bill coming before the Senate or any matter relating thereto.

On motion of Senator Frith, debate adjourned.

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have two other bills which I will leave until tomorrow. Both of them are properly matters for study by the Standing Senate Committee on Banking, Trade and Commerce. I fully appreciate the workload undertaken by that committee, although I would have thought that by this time just about everyone in Canada would have had an opportunity to appear before the committee on the study of the subject matter it now has before it. However, I will discuss these two bills with the chairman of that committee and with my colleagues opposite, and then I hope that tomorrow we will find a home for the pre-study of those bills.

Hon. Royce Frith (Deputy Leader of the Opposition): Perhaps, honourable senators, it would be a good idea to tell us what those bills are and then we can deal with them tomorrow, rather than asking for an additional day.

Senator Doody: I would be delighted so to do, Senator Frith. The first bill is to amend the Income Tax Act and related statutes, and to amend the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Financial Administration

Act and the Petroleum and Gas Revenue Tax Act. To be modest about it, that is a rather voluminous bill.

Senator Frith: Is that Bill C-84?

Senator Doody: That is Bill C-84.

The second one is Bill C-83, which is entitled: "An Act to amend the Tax Rebate and Discounting Act". That one is now before the committee of the other place and has aroused some interest. Both of these bills are worthy of pre-study, and I will try to find a home for them.

QUESTION PERIOD

[*English*]

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—USER FEES ON GREAT LAKES

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question respecting the current Canada-United States trade talks. Can the Leader of the Government in the Senate inform the Senate if it is the government's intention to defer legislation imposing user fees on the Great Lakes? I ask the question in light of representations made by Senator John Glenn of Ohio and a group of other United States senators, which the United States Transportation Secretary Dole sent to Ambassador Gotlieb in Washington and to the Minister of Transport, Don Mazankowski, in that, according to their representations, such legislation could have a devastating effect on the business at ports on both sides of the border.

Hon. Duff Roblin (Leader of the Government): I shall take the question as notice, honourable senators.

Senator Grafstein: Perhaps the Leader of the Government in the Senate could inform us on that matter as soon as possible. Can he also tell us whether or not it is the government's intention to link this issue with other trade issues on the government's trade agenda?

Senator Roblin: I can answer the second question quite definitely: There is no linkage.

● (1405)

ABORIGINAL PEOPLES

QUEEN CHARLOTTE ISLANDS—LOGGING DISPUTE—HAIDA INDIAN RIGHTS

Hon. Len Marchand: Honourable senators, all Canadians were saddened at the arrest of 58 Haida Indians arising out of their struggle to stop logging on Lyell Island and generally to protect their homeland. I appreciate the recent efforts of the Minister of Indian Affairs and Northern Development in this regard.

My question for the Leader of the Government in the Senate is: Will this subject be a topic at the forthcoming First Ministers' Conference to be held in Halifax? If not, I would ask him to make representations to the Prime Minister to have this subject placed on the agenda for that meeting.

Hon. Duff Roblin (Leader of the Government): Both the Minister of Indian Affairs and Northern Development and the Minister of the Environment have been working zealously in an effort to mediate this difficult problem, a problem which has very substantial constitutional overtones. It is not something that is within the direct purview of the federal government; rather, it is a provincial matter.

I can tell my honourable friend that I believe I am well informed when I tell him that the Prime Minister does expect to discuss the matter with the Premier of British Columbia when they meet at the First Ministers' Conference.

Hon. Jack Austin: I have a supplementary question. The Leader of the Government in the Senate has said that this matter is not within the purview of the federal government—something which I find rather curious inasmuch as matters relating to Indian affairs, which would include Haida affairs, are a fiduciary responsibility of the federal government.

Perhaps the government leader can advise us—if not now, then following the discussions which may take place between the Prime Minister and Premier Bennett—whether the federal government is willing to entertain in principle the question of compensation to the province of British Columbia in respect of any provincial crown lands which may be required to be surrendered as a result of an award of land rights to the Haida under their aboriginal claims.

Senator Roblin: Honourable senators, it is correct to say that the federal government has a constitutional responsibility with respect to the Indian people. The point in question, however, is the constitutional status of the land which is the subject of the dispute, and that is quite a different matter.

I do not think it would be wise of me to attempt to bargain with the Government of British Columbia across the floor of this chamber. These are discussions that will have to take place between the Prime Minister and the Premier of British Columbia. If there is any information I can give my honourable friend after that meeting, I shall be more than pleased to do so.

THE GOVERNOR GENERAL

VISIT TO UNITED KINGDOM

Hon. Jack Austin: Honourable senators, I have a question for the Leader of the Government in the Senate concerning the visit of the Governor General to the United Kingdom and the press reports in connection with that visit.

Can the government leader advise us, first of all, if the visit of the Governor General to the United Kingdom is an official visit?

If it is, in what way is it official in terms of its standing with Her Majesty the Queen and in terms of its standing with the British government, inasmuch as the Governor General has

called upon both Her Majesty the Queen and Prime Minister Thatcher?

In the alternative, if the visit is informal, what standing does the visit have in terms of the conduct of the business of the Government of Canada?

Hon. Duff Roblin (Leader of the Government): I believe I am correct in telling my honourable friend that the visit is an informal one. It is true that the Governor General has called upon Her Majesty the Queen, as one would expect. It is also true that there has been a conversation between the Governor General and the Prime Minister of Great Britain. However, the conversations that have taken place have not been on subjects that involve the political responsibilities of the Government of Canada.

Senator Austin: Can the Leader of the Government inform us as to the constitutional standing of Her Excellency the Governor General when she visits the United Kingdom? What is her constitutional standing in terms of Her Majesty the Queen and in relation to the Government of the United Kingdom?

Senator Roblin: Well, without trying to suggest to my honourable friend that I am an expert on these arcane matters, I can tell him that to the best of my knowledge the Governor General visits Her Majesty in her capacity as Her Majesty's representative in Canada. That is her official status when she is in Canada or outside of the country.

• (1410)

Senator Austin: Does that apply with respect to her visit to the Prime Minister of Great Britain?

Senator Roblin: That is an informal visit at the discretion of Her Excellency.

INTERNATIONAL TRADE

REMOVAL OF IMPORT QUOTAS ON FOOTWEAR

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I want to ask a question of the Leader of the Government with respect to the impact of the new policy of the Government of Canada on the importation of footwear. The industry has claimed that the new policy will cause the loss of a large number of jobs. I believe the number mentioned was at least 5,000 and the Minister for International Trade has stated that there will be no loss of jobs to Canadians.

Can the Leader of the Government tell us whether any detailed studies have been made by either the Department of International Trade or the Department of Finance which would indicate the impact of this policy on the various plants and, if so, whether the government would consider letting us have these studies in order that we can have a more informed view about this policy?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can tell my honourable friend that in June of 1984 the government of the day directed the Canadian Import Tribunal to review the footwear industry's position in relation to possible injury if import quotas were removed and the industry's use of the period of protection allowed them under the import quotas in order that they should become competitive.

After hearing a number of witnesses and receiving 39 written submissions over a period of a year, the tribunal found that the footwear industry in recent years, as a whole, has matched and often out-performed the economy in the manufacturing sector. The industry, with the exception of women's and girls' footwear area, is competitive on an international basis; and the industry has adapted to meet the challenges of the marketplace and was competitive because of it and not because of the time allowed to become competitive under quotas.

I should like to add a few remarks to that statement. There is a problem, undoubtedly, in some areas where we may expect to see dislocation, and in those cases there are safety nets in place that will help the people who are affected by this change to find new employment or to change their skills or otherwise to adapt to the situation. We feel that reasonable precautions have been taken for those, relatively few, in my opinion, who will be affected by this change.

I do not think I would subscribe to the view that thousands of jobs are at risk. The import tribunal studied these matters in detail and I am sure that I can get for my friend, if he so wishes, the report which indicates the contrary.

Senator MacEachen: The Leader of the Government has said that there will be relatively few jobs lost. We all know about the report of the import tribunal which, as he mentioned, was commissioned in June of 1984, but what I want to know is whether, subsequent to the report, the government made its own appraisal of the impact of this particular change in policy. Presumably, the Leader of the Government is speaking from some knowledge when he says relatively few jobs will be affected. I want to know if any studies have been made, and can we see them if they have been made?

Senator Roblin: I will try to get my friend some figures on that point.

CANADA-UNITED STATES RELATIONS

FREE TRADE ARRANGEMENT—IMPACT ON EMPLOYMENT IN CANADA

Hon. Allan J. MacEachen (Leader of the Opposition): On a related subject, as the Leader of the Government knows, the Government of Ontario has released a series of studies which indicate that if a free trade arrangement were entered into with the United States some 300,000 jobs would be threatened in the province of Ontario. I do not know whether the federal government has made similar studies. I would like to know whether such studies have been made or are under way, because if these negotiations are to be examined with full information, it seems that we need to know what impact changes of that kind would have.

Can the Leader of the Government tell us whether studies have been made? I believe that yesterday the Secretary of State said that studies were under way, so I should like to know what they are and whether we can see them if they have been completed.

Hon. Duff Roblin (Leader of the Government): There are a number of studies in the public domain concerning the general question of trade to which I can direct my honourable friend. There is, of course, the effort of the Senate itself in which we established, to the satisfaction of this body at any rate, that the risks involved in free trade and the shift in jobs—not the loss in jobs—from one area to another amply justified a policy of freer trade relations with the United States.

I would also suggest that my honourable friend look at the report of the Macdonald royal commission which dealt in some depth with the same problem. He can glean some appreciation of the problem from that source. He can also look at the recent report of the Economic Council of Canada in which they investigated the same matter. There is a wide variety of other studies that have been made in connection with the general question of who loses and who gains if a freer trade regime were entered into.

I would point out to my honourable friend that over the past ten years there has been a most remarkable shift in tariff protection in Canada under GATT; so much so that in the next year or so, with respect to the United States, the tariffs on goods moving either way will be reduced to relatively small portions compared to what they would have been if nothing had been done. During the whole of that process adjustments to GATT had to be made and people moved from one job to another. That, of course, is a traumatic experience for them and I by no means minimize it. That is the reason the former government, as did this one, put in various measures to try to cushion the blow to those who had to make adjustments to these changing trade conditions. This is nothing new. This is a recurring feature of our adjustment to world and continental trading problems. I expect that we have not seen the last of them by any manner of means.

With respect to specific reports that the government may have available, I shall take that question as notice.

Senator MacEachen: I appreciate the particular undertaking that the Leader of the Government will advise us whether there are separate studies. However, what I have in mind is whether there has been an analysis, for example, of the impact on the agricultural industry and other industries in the economy which are now expressing concern about the free-trade approach.

It is obvious that when Mr. Reisman begins to negotiate with the United States he will have to know in precise detail the impact of any proposed changes on the job situation in Canada in every sector in every province. I think the sooner the rest of us know that too, the more informed would be a judgment on the impact of this change on the Canadian economy.

I appreciate that the Leader of the Government has assured us that he will get whatever information he can and tell us exactly what studies are under way.

Senator Roblin: I said that I would find out what information is available, and that is what I shall do.

I believe my honourable friend is well aware that part of the negotiating process with which Mr. Reisman will be involved will be hearing from the very people who will be affected in respect of the various propositions put forward. We will be dealing directly with the industries concerned, both those who may feel themselves threatened and those who may feel advantaged by the discussions that are taking place. As well as the reports which I am sure will be of some interest, I want to underline the policy of the government to maintain the closest negotiating posture it can with those people who will be in the front line when changes take place.

Senator MacEachen: That is the customary procedure in trade negotiations. It has always been the case that the closest consultation is kept with the various industries, and I assume that would continue to be the customary routine.

INTERNATIONAL TRADE

REMOVAL OF IMPORT QUOTAS ON FOOTWEAR

Hon. Allan J. MacEachen (Leader of the Opposition): I want to go back, if I may, to a comment the Leader of the Government made with respect to the footwear industry. He said that those affected would be assisted by various safety nets. I do not know what safety net has been put in place as a result of this new policy. I understand that the CIRB, the Canadian Industrial Renewal Board, which had been put in place to assist adjustment in these industries, particularly the textile industry, has run out of funds. Perhaps the Leader of the Government could throw some light on what these safety nets are that will help the footwear industry.

• (1420)

Hon. Duff Roblin (Leader of the Government): I certainly will, because I think it would be of interest to the house to have the full picture in that respect. But I point out to my honourable friend that, as he correctly stated, the policy of close liaison with people who are affected by trade changes is nothing new. It has worked very well in the past and I am confident that it will work very well in the future.

THE SENATE

"SENATE BULLETIN"

Hon. Azellus Denis: Honourable senators, I should like to put a question to the Leader of the Government in the Senate. A few days ago I received a copy of the "Senate Bulletin"—which I think every senator receives—but it was a one month old. Some articles are out of date, while others have appeared in "Quorum", which we receive every day. I would like to know how much the "Senate Bulletin" costs to produce. I would also like to know who are the people responsible for

publishing it. Perhaps they could provide any information not already printed in "Quorum" directly to that information bulletin so that we need receive only one publication and could get rid of the "Senate Bulletin", which is obsolete.

Hon. Duff Roblin (Leader of the Government): I would tell my honourable friend that this particular Senate news summary has been in existence for some time. It was not my idea, and I can tell my colleague that I never thought it had any great use at all. If I were following my own device, I would probably agree with him that we could do better than this report we have now, which is out of date and is self-serving in any case. Unfortunately, however, it does not fall under my direction and control.

Senator Denis: It falls under the control of whom?

Senator Roblin: It falls under the direction and control of the Senate itself, through the Internal Economy Committee. I am afraid that I do not control it. I would ask my friend to refer his question to the Internal Economy Committee, which I hope can provide him with some sort of answer.

Senator Denis: I thank the government leader. In that case, I am telling the Internal Economy Committee to look after that request.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the chairman of that committee is His Honour the Speaker. As deputy chairman, I can state that I am sure this matter will appear on the committee's agenda in due course.

FEDERAL-PROVINCIAL RELATIONS

HEALTH AND EDUCATION—EFFECT OF REDUCTION IN TRANSFER PAYMENTS

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government in the Senate to explain to this chamber how the federal government can justify cuts in transfer payments to the provinces in light of the protests of the provinces that such cuts will impair health and education services in those provinces.

Hon. Duff Roblin (Leader of the Government): I think I should tell my honourable friend that the federal government is not proposing cuts. It is widely thought that it is, but I am here to say that there will be no cuts. In fact, the transfer payments will be steadily increased over the next five-year period, which increases will total around 5 per cent per year, as far as I know at the present time.

Senator Frith: It seems to me I've heard that song before—from us.

Senator Roblin: My reputation for accuracy is on the line here and I believe that what I am telling my honourable friend is correct. There will be no cuts.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have some delayed answers to questions.

[Senator Denis.]

STRATEGIC DEFENSE INITIATIVE

STATUS OF STUDY

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on September 24 last by the Honourable Senator Steuart respecting Strategic Defense Initiative—Status of Study.

(*The answer follows*):

Yes, Mr. Kroeger has completed his study and has reported on it to the Prime Minister; and, no, the study has not, nor will it be made public.

The report, while prepared with the assistance of External Affairs and other government departments, was the sole responsibility of Mr. Kroeger in his then capacity of special advisor to the Privy Council Office.

FOREIGN AFFAIRS

SOUTH AFRICA—APARTHEID—CANADIAN POSITION AT COMMONWEALTH CONFERENCE

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 16 last by the Honourable Senator MacEachen respecting Foreign Affairs—South Africa—Canadian Position at Commonwealth Conference.

(*The answer follows*):

The Canadian government is totally opposed to apartheid. The government favours unrelenting pressure on South Africa to change its unjust laws based on racial segregation. The objective is rapid and peaceful change based on dialogue rather than destructive violence. To that end, the government has introduced a wide range of new measures during the past year, including measures to make effective the Code of Conduct originally announced in 1978. Those measures are spelled out in the statement issued by the Secretary of State for External Affairs on July 6, and the statement he made to the House of Commons on September 13, which recapitulated the earlier measures. At the United Nations on October 23, the Prime Minister reiterated that total sanctions would be invoked if there was no progress.

The objectives for the Commonwealth meeting in Nassau were formulated in light of this policy. In working toward a consensus that would send a clear message to the Government of South Africa, Canada undertook a series of consultations. This included the visit to Canada of the British Foreign Secretary, the President of Tanzania, and the Secretary General of the Commonwealth. A personal representative of the Prime Minister, Mr. Bernard Wood, visited the Front Line States (Zambia, Botswana, Zimbabwe, Tanzania) to sound out their ideas. Views were also received from concerned Canadians; many useful suggestions were put forward. There was a general wish for Canada to play a conciliatory role and that there

should be both unity and movement in any Commonwealth agreement.

The Commonwealth Accord reached in Nassau commits all of its members to certain measures including some that can be termed selective economic sanctions. It commits members to further effective measures in the absence of desired results within a reasonable time frame (6 months). All Commonwealth countries subscribed to the Accord without reservations. The Prime Minister gave a full report on the Accord to the House of Commons on October 28.

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 16 last by the Honourable Senator Stewart respecting Canada-United States trade negotiations.

(*The answer follows*):

Prime Minister Mulroney expressed Canada's interest in pursuing a new bilateral trade agreement with the United States in his statement to the House of Commons on September 26.

The ball is now in the U.S. court. It is for the American Administration to pursue whatever domestic procedures it deems necessary before responding officially to the Prime Minister's offer and indicating whether the U.S. agrees to begin negotiations. On this matter it is worth noting the statement by U.S. Secretary of State Shultz on October 28 in Calgary on the bilateral trade initiative:

"President Reagan has warmly welcomed this initiative and the Administration has begun consultations with the Congress. On the basis of these early talks, and with our statutory requirements for consulting with Congress and the private sector in mind, we believe it will be possible to begin formal bilateral negotiations in 1986."

SUPPLY AND SERVICES

POLL—AWARDING OF CONTRACT

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 5 last by the Honourable Senator Davey, respecting Supply and Services—Poll—Awarding of Contract.

(*The answer follows*):

This contract has not yet been awarded.

REQUEST FOR ANSWERS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, while the Leader of the Government is reviewing unanswered questions, might I draw to his attention the questions which I have addressed to him on at least two occasions with respect to when an agreement will be reached between the Government of Canada and the Government of Nova Scotia with respect to the Sydney Steel Corporation. I raised the question first on May 14, 1985, and latterly on September 18, 1985, and I really would like an answer, if the Leader of the Government could oblige.

Hon. Duff Roblin (Leader of the Government): Well, it is easy to ask questions, but it is sometimes a little harder to get the answers, particularly when there are two parties in the deal—and in this case there are two parties in the deal, as my honourable friend has said. I always take his questions with great seriousness. I will give him an answer as soon as an answer can be offered; but at the present time agreement has not yet been reached, so it is not possible to reply.

Senator MacEachen: Are there unsettled questions between the Government of Canada and the Government of Nova Scotia? Is that the reason for the delay? Because it is now well over a year since it was expected and regarded as essential that the second phase of the modernization of the Sydney Steel plant be carried ahead. I wonder what the explanation is for the delay. Is the Government of Canada refusing the legitimate requests of Premier Buchanan?

Senator Roblin: I think my honourable friend can take it for granted that if I am unable to answer the questions because the two sides have not agreed, then he should also expect that I would not try to negotiate the deal in the Senate.

Senator MacEachen: Well, it might be a good idea.

Senator Roblin: If it were left to you and me, we would get along pretty well—provided I had my way.

Senator MacEachen: I could give you the figures.

Senator Roblin: I would want my own way, that's all.

Senator MacEachen: Don't we all!

HON. CYRIL B. SHERWOOD

FELICITATIONS ON INDUCTION INTO DAIRY HALL OF FAME

Hon. Jack Marshall: Honourable senators, as chairman of the Standing Senate Committee on Agriculture, Fisheries and Forestry, may I beg the indulgence of the house to perform a very pleasant duty. I wish to announce that two nights ago Senator Sherwood of New Brunswick was inducted into the Dairy Hall of Fame.

Hon. Senators: Hear, hear.

Senator Marshall: Senator Sherwood commenced farming at Norton, New Brunswick, in 1935, 50 years ago, as a fifth-generation Sherwood on a crown grant dating back to 1815. He very soon became active in farm organizations and was instrumental in organizing the New Brunswick Cream Producers' Marketing Board and the New Brunswick Milk Producers' Association.

Many of his accomplishments are listed and all are noteworthy. Senator Sherwood was President of the Saint John area Milk Producers' Association and the New Brunswick Milk Producers' Association. He was a Director of the Maritime Winter Fair Association, the Maritime Federation of Agriculture, the Canadian Federation of Agriculture, and the Dairy Farmers of Canada.

In 1952 he was named Minister of Agriculture for New Brunswick, a position which he held until 1960. As minister, he emphasized the importance of developing effective marketing programs to cover all farm commodities produced in the province. He authorized and supported the amalgamation of the provincial livestock show with the Fredericton Exhibition, which resulted in the development of the present well-rounded provincial exhibition held in the capital city.

In 1960 Senator Sherwood, as Leader of the Opposition, and he held that position until 1966, introduced a motion in the Legislative Assembly which established the royal commission investigation into the New Brunswick dairy industry.

In October, 1979, he was summoned to the Senate and he became Vice Chairman of the Standing Committee on Agriculture and Chairman of the Subcommittee on matters pertaining to development in Kent County, New Brunswick. He was instrumental in getting the Senate Committee on Agriculture to undertake hearings pertaining to soil degradation; and in 1984 the report of that committee entitled "Soil at Risk" was published.

With his knowledge, skill and dedication, Senator Sherwood has played a very prominent role in the advancement of the dairy industry both provincially and nationally. I am sure that all honourable senators join me in commending him on the recognition that he so richly deserves, namely, that of being inducted into the Dairy Hall of Fame in New Brunswick two nights ago.

• (1430)

CRIMINAL CODE

BILL TO AMEND (LOTTERIES)—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Marshall, for the second reading of the Bill C-81, intituled: "An Act to amend the Criminal Code (lotteries)".— (*Honourable Senator Perrault, P.C.*).

Hon. Raymond J. Perrault: Honourable senators, by the introduction of Bill C-81, the government has served notice that forever more and permanently it intends to abandon the field of lotteries and associated fund raising schemes. I believe that the decision to take this action has been taken without a full consideration of all the facts. I do not intend to speak at great length or in detail on this bill, but I can restrain my enthusiasm for the measure. It is not a good deal for the Canadian taxpayer, federal. Honourable Senator Nurgitz said yesterday that the bill is the product of an agreement between the federal and provincial governments. He hailed this new era of co-operative—

Senator Doody: Federalism.

Senator Perrault: I do not think he used the word "federalism."

Senator Flynn: That is Pearson's word.

Senator Perrault: But this new era of co-operation with provincial governments who are being ushered into a new, sunny upland of good relations with the federal government.

Senator Doody: We are getting to him.

Senator Perrault: These days, relations with the provincial governments, according to federal spokesmen, constitute a political "love-in". The government is engaging in an orgy of self-adulation about its alleged ability finally to work with the provinces.

Senator Doody: Almost narcissistic.

Senator Perrault: The fact of the matter is that in this deal the "Feds" bought the Brooklyn Bridge.

Senator Doody: They sure did, and you built it.

Senator Frith: Yes, we did build it.

Senator Perrault: They paid too much for the bridge. What are they giving up? This allegedly shrewd, canny deal negotiated by this steely-minded business-oriented federal government—

Senator Flynn: Terrible!

Senator Perrault: This deal involves the federal government's giving up one of the largest sources of revenue in the history of Canada for precious little return. Indeed, never in the history of this country has there been a larger revenue transfer from a federal government to a provincial government, with, I predict, very little thanks in the process.

Senator Frith: Sell the store.

Senator Perrault: Sell the store and the planking on the floor of the store.

Senator MacEachen And the dock.

Senator Perrault: Yes, and the dock and everything else. Is it a good deal to say, "We shall no longer be tainted by any association with lotteries in any form?" Is that a good deal for the federal taxpayer?

Senator Flynn: Terrible!

Senator Perrault: What are we getting in return? In return we are getting $100 million for the Calgary Olympics, and it is a great event. It will make money. It will be an artistic and financial success and we should all be in support of the concept of having the federal government contribute. I am one of the foster fathers of the Calgary Olympics, and I am proud of that fact.

Senator Doody: Pray heavens.

Senator Perrault: But we have $200 million of federal money committed to the Calgary Olympics. We have $100 million coming from the provinces, little enough. We will get approximately $30 million to $40 million from the coin and stamp program. We will get $400 million from ABC Television in the United States, one of the largest contributions to any Olympic Games. I think it is the largest in history, but Senator Nurgitz may wish to correct me on that point. The games will make money. After 1988 we will be discussing how the surplus will be distributed. That is how good that deal will finally be.

The provinces have said that they will give the $100 million to Calgary only if the federal government will guarantee that it will stay out of the lottery business forever. We made a deal, too. We made a deal before the government was unceremoniously ushered out of office.

Senator Flynn: Which government?

Senator Perrault: The Liberal government.

Hon. Senators: Oh, oh!

Senator Doody: To the tune of 211 polls.

Senator Perrault: But we shall rise again. What was the Liberal deal? Yes, we agreed with the provinces on the $100 million.

Senator Nurgitz: Wasn't it a sports lottery?

Senator Perrault: But we made no agreement to amend the Criminal Code to make it impossible for the federal government ever to get back into lotteries again.

Senator Nurgitz: To save money.

Senator Perrault: It is not saving money at all.

Senator Nurgitz: You lost a fortune!

Senator Perrault: In net the contribution of the provincial government to the Calgary Olympics is $85 million, not $100 million, because $15 million was still left in the Lotto account and that money is reverting to the provinces.

Senator Flynn: How much from the Sports Pool?

Senator Perrault: We are not talking about the Sports Pool today, and it is not my intention to talk about the Sports Pool. Time does not permit.

Senator Doody: Just the good news, Ray.

Senator Perrault: Time does not permit a full development of my sentiments on that subject.

Senator Flynn: Agreed.

Senator Perrault: I intend to demonstrate parliamentary restraint.

Senator Frith: Strict adherence to the rule of relevancy.

Senator Perrault: Yes, the word is "relevancy" and it is irrelevant to talk about the Sports Pool.

Senator Doody: The whole thing was irrelevant.

Senator Perrault: I am delighted with any sensible plan to help the Calgary Olympics, and we should all feel the same way. However, what kind of revenue loss are we looking at?

Senator Doody: That is irrelevant.

Senator Perrault: I just happen to have some facts and figures. Between June 1984 and June 1985, $1.8 billion worth of lottery tickets were purchased in Canada and $700 million flowed back to the provinces. And what are we saying? We are saying, "Just give us $100 million for the Calgary Olympics and we will get out of the lottery field and let you take over." When the idea of the national lottery was set up in 1974, it was designed to help the Montreal Olympic Games, which was another great success in that it provided great benefits for this country.

Senator Flynn: It was not a great success financially.

Senator Perrault: There are still some bills to be paid and some honourable senators are laughing about it. I know that it was not a great success financially, but in terms of the visitors who came and spent their dollars here on their vacations during that period, a good argument could be made that it was financially successful as well.

Senator Flynn: Then you do not need the lottery.

Senator Perrault: The lottery was established in 1974 with the support of all the provinces and all Canadians, who wanted the Montreal Olympics to be an artistic and financial success insofar as those goals were attainable. When that commitment was met in, I believe, 1976, Lotto Canada Incorporated was established. It continued the process of raising money for worthwhile causes. Where was the money to go? The money was to go to fight killers of Canadian people—to fight cancer, ALS, MS, muscular dystrophy and all the other medical problems. It was to be used to advance the arts, to develop Canadian talent in the larger cities of Toronto, Montreal, Vancouver, yes, and in all the smaller communities to the outports of Newfoundland. This money was going to help design and bring some justice and equity once and for all to the development of sports and fitness programs in this country. Those are the three great supportable goals which had the general support of the people in all parties.

Incidentally in the first three years of the establishment after Lotto Canada it netted $200 million which flowed back to the federal coffers to be spent in these worthwhile directions.

Senator Nurgitz: Then what happened?

Senator Perrault: In 1979, for some inscrutable reason—and the former distinguished Leader of the Opposition, the Honourable Senator Flynn, was part of that process—it was decided that the government would abandon the lotteries and make a deal with the provincial governments.

Senator Doody: Imagine, making a deal with the provincial governments!

Senator Perrault: Lotto Canada was a good thing. It was an opportunity to join together from coast to coast in national

goals, endorsing national symbols and rallying national purpose to raise money for the good national causes I have described. The Conservative government did not agree with Lotto Canada. When they were elected to office they entered into negotiations with the provinces to abandon Lotto. It was an unfortunate retreat. They did not say to the provinces, "Look, we will abandon the field only if you will promise to use provincial lottery funds to fight against illness in this country. We will get out of this only if you promise you will use the money derived from lotteries for cultural purposes and sports development." They said, "Take it over, boys."

Senator Frith: Right this way.

Senator Doody: And girls.

Senator Perrault: Yes, boys and girls, and some of them in the federal government made very bad decisions.

Senator Frith: No self-respecting girl would make such a deal.

Senator Perrault: But, honourable senators, it was not a good deal for Canada. So when we were swept into power in 1980, during that tempestuous year—

Senator Frith: Ceremoniously.

• (1440)

Senator Perrault: Yes, it was ceremoniously done that time.

Senator Nurgitz: Tell us about it. I can hardly wait.

Senator Perrault: There was a problem; that Tory arrangement had been made with the provincial governments. Of course, as honourable senators are aware, the federal government was to receive an indexed $24 million per year as part of the deal which had been negotiated at that time by Mr. Paproski, who was the minister in the other place. The new Liberal government was then faced with the situation of staging the Calgary Olympics with no source of funds other than from tax revenues. We made that Calgary commitment for $200 million and then we set about trying to find that money from non-tax sources, and thus the introduction of the Sports Pool, which, admittedly, enjoyed indifferent success.

Senator Roblin: You can say that again.

Senator Flynn: It was at your own initiative.

Senator Perrault: It was not at my own initiative, honourable senators. May I put myself clearly on the record. I was never the minister responsible for the Sports Pool. However, I can say that one of the reasons why the Sports Pool did not enjoy the success which had been anticipated by its originators was the opposition of a number of provincial governments across the country, including many Conservative governments.

Senator Doody: That is the only kind there were.

Senator Frith: In the bad old days.

Senator Perrault: We were faced with making a commitment of $200 million to the Calgary Olympics and extra funds through the stamp and coin program and so on.

When it became obvious that the Sports Pool was in some difficulty—and, in my view, the concept of the Sports Pool was partially unsound; its problems were not due entirely to intransigent provincial governments—I am not trying to foist the total blame in that direction. We made a deal with the provinces, as I said, for a $100 million contribution to the Calgary Olympics by the provinces with $24 million indexed, but we did not agree to amend the Criminal Code to abandon the lotteries field forever, and I think this is the costly mistake being made by the present government. As I said earlier, and I do not mean to be repetitious, $1.8 billion worth of lottery tickets were sold between June 1984 and June 1985, with $700 million going to various levels of government. Yet, we are only getting $100 million back for Calgary and the $24 million per year which is indexed, and we are clearing out entirely from the lotteries field. It is not the kind of deal which I think a government that has thought through the implications would have signed. Also, we have not received guarantees from those provincial governments that they intend to spend money for the useful purposes which were delineated at the outset of the whole lottery concept in 1974, and I think that is a great tragedy. We do not know whether these lottery funds will wind up being used for the paving of highways or for any other undesignated purpose, or whether they will be used for medical research, the arts and sports.

I have one concern, and I have mentioned it before in this chamber. Almost invariably, the larger centres in Canada get more than their fair share of athletic and sports development funds. I am from Vancouver and I know we were all heartened the other day to know that the B.C. Lions had won the Grey Cup, after 21 years.

Some Hon. Senators: Hear, hear.

Senator Perrault: May I be candid with you when I say that the large cities in Canada get more than their share of athletic and sports type developments, and I think it is unfair.

Senator Frith: Now we are getting to relevance.

Senator Perrault: Vancouver, Montreal, Toronto, Winnipeg, Edmonton and Calgary, for example—and two or three others—are the only cities large enough in this country to host major national and international sports events. As soon as they indicate that they are willing to accept the hosting function for these events, the federal government comes in with massive amounts of money to build even larger stadia; to build swimming pools and to build all of the facilities that the deprived areas of Canada have been yearning for, and that is the fact of it. One of the tragedies of the Canadian Football League, for example—and I know that it is essentially professional but I merely want to indicate the concern many of us feel—is that we do not have a team from the Atlantic provinces playing in the Canadian Football League. One of the reasons is that the money is not there to build a stadium in the maritime provinces. Yet, if Nova Scotia or New Brunswick or Newfoundland or Prince Edward Island were large enough to say: "We are prepared to host the Commonwealth Games," they would have a stadium as large as the Edmonton Commonwealth

Stadium, that magnificent structure in the province of Alberta.

I think there is a basic injustice here to the smaller cities and communities of our country. It was my hope, when I was Minister of Fitness and Amateur Sport, that we could correct this over a period of years; that we could develop athletic facilities and programs in many of the smaller communities in Canada in order that they, too, could share in a program of development of capital and training facilities and programs across this country.

However, federally, we are now out of the field without any guarantees that that great source of revenue that the federal government once had for this purpose will ever again be directed toward this and medical research, culture and other worthwhile endeavours in this country. I had hoped that perhaps Senator Nurgitz might assure us that these considerations were on the agenda for the negotiations with the provincial governments. Were the provinces ever asked the question: "What will you do with the money?"

There is another concern, honourable senators, that I have with this bill, which, I am sure, has been drawn up with the utmost care. I know that some of the best legal minds of the government have directed their attention to the clauses which make up the bill. There have been suggestions from some quarters that Bill C-81, to amend the Criminal Code, could open up the potential for gambling casinos on almost a profligate scale in many parts of the country. Words of assurance have been given that that is not true at all; that there is no government in Canada today which will enter the field of licensing casinos to create "Nevada North". I do not think that is the intention of the government, but I wonder whether it might not be useful to refer this bill to the Standing Senate Committee on Legal and Constitutional Affairs for a relatively brief examination in order to make sure that certain assurances can be obtained from the minister and from the government.

Senator Flynn: Perhaps it would help Expo 86 at Vancouver.

Senator Perrault: That will also be a great event, honourable senators. It is partially supported by provincial lottery funds, incidentally. That is a useful purpose for those funds and we hope you will all come. We hope to have a Senate Day at Expo 86 and have you all attend.

Senator Roblin: That is the best news I have heard today.

Senator MacEachen: It will be a short visit.

Senator Perrault: I will not say more on the bill. I want to conclude by saying that many of those who have served with federal governments—

Senator Flynn: On the bill? I thought you were just beginning.

Senator Perrault: No. I have become mercifully briefer than I used to be. However, many of those who have served with federal governments have become rather cynical about these "good faith" transfers to the provincial governments, especially those on the scale of generosity represented by this Bill C-81. The level of government which really requires money today is the federal government, and I said this in a debate last June. At that time, I said: "We are taking a popular, voluntary form of taxation, which is what lotteries are all about, and we are abandoning that field and allowing the provincial governments to expand their efforts in that area." I further said: "Inevitably it will mean that we will have to levy more direct taxes on the people and it will be more and more difficult for this government to raise money at a time when it requires that money." In that sense, I believe that it is improvident for the government to engage in a give-away on such a large scale at this time. I think that they could have concluded more successful negotiations with the provinces and ended up with more than the indexed $24 million per year from that huge take.

When the basic $24 million amount was established by the Conservative government in 1979, surely they did not anticipate that just a few years later we would be selling almost $2 billion-worth of lottery tickets per year. I think $24 million is too little. I think that the allocation of the funds by provincial governments should have been spelled out and developed more carefully and agreement achieved in that area. The Canadian people should have a better deal than that represented by Bill C-81.

In saying that, may I suggest again that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs for further examination.

Senator Nurgitz: Honourable senators—

The Hon. the Speaker: I wish to inform honourable senators that if the Honourable Senator Nurgitz speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

• (1450)

Senator Nurgitz: Honourable senators, in closing the debate on the motion for the second reading of this bill, I want to thank Senator Perrault for his contribution to the debate. It is my intention to propose that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs, which will meet to study the bill tomorrow morning at 9 o'clock. I invite Senator Perrault to attend that meeting and express his views to the minister. At that meeting he may be able to obtain from the minister the assurances he is seeking.

I do have one comment to make in connection with the notion that, through an amendment to the Criminal Code, we have stopped the federal government from once again wasting the taxpayers' money in connection with another sports pool.

The fact is, the Criminal Code can be amended to provide that authority to the federal government at any time in the future. In other words, this is not a Charter matter which would require all kinds of other consents for an amendment.

Senator Flynn: It can be so amended when Senator Perrault is again the Minister of State for Fitness and Amateur Sport.

Senator Nurgitz: Yes. Honourable senators, that concludes my remarks on the motion for the second reading of this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

SEEDS ACT
CANADA GRAIN ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the order:

> Resuming the debate on the motion of the Honourable Senator Balfour, seconded by the Honourable Senator Bélisle, for the second reading of the Bill C-64, intituled: "An Act to amend the Seeds Act and the Canada Grain Act".—(*Honourable Senator Sparrow*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I would ask that Order No. 2, standing in the name of Senator Sparrow, be permitted to stand instead in the name of Senator Steuart (Prince Albert-Duck Lake).

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

Hon. Senators: Agreed.

Order stands in name of Senator Steuart.

CANADA'S INTERNATIONAL RELATIONS

SPECIAL JOINT COMMITTEE—INTERIM REPORT ON BILATERAL TRADE WITH THE UNITED STATES AND CANADA'S PARTICIPATION IN RESEARCH ON STRATEGIC DEFENSE INITIATIVE—ORDER STANDS

On the Order:

> Resuming the debate on the consideration of the Interim Report of the Special Joint Committee on Canada's International Relations pertaining to Bilateral Trade with the United States and Canada's Participation in Research on the Strategic Defense Initiative, tabled in the Senate on 17th September, 1985—(*Honourable Senator Flynn*).

Hon. Jacques Flynn: Honourable senators, I adjourned the debate on Order No. 5 yesterday with the idea of eventually closing the debate on this item. If there is any honourable senator who wishes to speak to it, I shall be pleased to yield. If not, I shall deal with it in due course.

Order stands.

RIGHTS AND FREEDOMS

CANADIAN FORCES—SPOUSES OF MEMBERS—MOTION IN AMENDMENT—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Marsden, seconded by the Honourable Senator Stewart (Antigonish-Guysborough):
>
> That the Senate do urge the Government of Canada to permit freedom of assembly and speech, and such other freedoms guaranteed to all other Canadian citizens, for spouses of members of the Canadian Armed Forces.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, yesterday, when this item was dealt with in the chamber by Senators Marsden, Godfrey, Flynn, and myself, Senators Godfrey and Flynn asked some questions of the mover of the motion. I have since checked the record and I have found that indeed I said that I was not asking a question but was going to speak to the motion itself at that time.

So, technically I have already spoken to this motion. It is my intention to move an amendment at this stage, and I shall speak briefly to that amendment, if I have the leave of honourable senators to do so.

Honourable senators will recall that yesterday I did move the adjournment of the debate on this item, saying that I would be proposing an amendment. Since I did adjourn the debate, I suppose I do have leave to continue today. In any event, so that the record is clear, I think the simplest way to proceed is to obtain the permission of the Senate to proceed at this time.

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

Hon. Senators: Agreed.

MOTION IN AMENDMENT

Senator Frith: Honourable senators, I move, seconded by Senator Fairbairn:

> That the motion be not now adopted, but that it be amended by deleting the period after the word "Forces" and adding the words "and to amend or repeal all relevant regulations and orders accordingly."

Once the question is put on the amendment, I shall give a brief explanation of it.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Marsden, seconded by the Honourable Senator Stewart (*Antigonish-Guysborough*):

> That the Senate do urge the Government of Canada to permit freedom of assembly and speech and such other freedoms guaranteed to all other Canadian citizens, for spouses of members of the Canadian Armed Forces.

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

> That the motion be not now adopted, but that it be amended by deleting the period after the word "Forces" and adding the words "and to amend or repeal all relevant regulations and orders accordingly."

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

Senator Frith: Honourable senators, yesterday Senator Flynn, in questioning the mover of the motion, Senator Mars-

den, raised the point that the motion as it now stands does not refer to any particular regulations or matters of law that ought to be changed to make them conform to the Charter. Senator Flynn pointed out that the motion as it stands in its original form would, in effect, be saying, if I understood him correctly, that the government is urged to make its rules and orders dealing with this subject conform to the Charter, or that eventually the matter could find its way into the courts and there be dealt with under the auspices of the Charter.

Senator Marsden and I had a look at some of the regulations and orders that are relevant to the motion in its original form. They are somewhat complex, and certainly it is not possible to refer to one or two only.

I suggest that the motion would be more in conformity with the objection raised by Senator Flynn if it were amended as I have suggested; that is to say, that the principle of the motion be adopted and that all relevant regulations and orders be amended or repealed accordingly.

When I proposed this amendment to Senator Flynn privately, he raised another interesting point, that being that the whole matter might best be referred to the Standing Joint Committee on Regulations and Other Statutory Instruments. That committee, as honourable senators are aware, deals with the whole question of rules, regulations, orders, and other subordinate legislation that might be in conflict with the Charter of Rights and Freedoms. Given that that committee is reviewing that very question, it might be interested in the subject matter of this motion.

That is something, of course, that the Senate will have to decide upon. I must say that when Senator Flynn raised it with me, it seemed to me to be a useful suggestion. It strikes me as a very appropriate means of dealing with the motion at this stage; namely, to refer it to the Standing Joint Committee on Regulations and Other Statutory Instruments for examination. However, there may be other honourable senators who will want to debate the motion before such a reference is made, if indeed it is made.

• (1500)

Hon. Jacques Flynn: Honourable senators, I think that was a good effort on the part of Senator Frith to clarify the intent of the motion of Senator Marsden. In principle, I have nothing against the idea of changing any regulation, any bylaw or any statutory instrument which would violate the Charter or the Bill of Rights. By adding this amendment I do not think we are going any further because the motion states:

> —adding the words "and to amend or repeal all relevant regulations and orders accordingly."

What regulations or orders are we referring to?

As Senator Frith mentioned, if any relevant regulations or orders were violating the rights under the Charter perhaps it would be necessary to have the Standing Joint Committee on Regulations and other Statutory Instruments look into them. I am not familiar with the procedure we should follow in dealing with this question. I do not know if there is an amendment that should be made to the amendment or otherwise, but I am certain that if Senator Marsden were to identify the regulations or orders, perhaps we could replace that motion with one referring these particular regulations and orders to the Standing Joint Committee on Regulations and other Statutory Instruments which has the duty to indicate if there is any irregularity in any of these instruments.

Under those circumstances, I move the adjournment of the debate on the motion in amendment and perhaps Senator Marsden eventually can let us know if she has specific regulations or orders in mind. If she were to withdraw this motion and to replace it by one referring these specific regulations or orders to the joint committee, I think that the Senate would approve the motion without hesitation.

On motion of Senator Flynn, debate on motion in amendment adjourned.

PARLIAMENT BUILDINGS

CENTRE BLOCK—REMOVAL OF PORTRAITS OF BRITISH PRIME MINISTERS—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Hicks, calling the attention of the Senate to the removal of the portraits of former British Prime Ministers from the sixth floor of the Centre Block of the Parliament Buildings.—(*Honourable Senator Corbin*).

Hon. Eymard G. Corbin: Honourable senators, on Wednesday, November 6, Senator Molgat gave notice, on behalf of Senator Hicks that on Thursday, November 7, he would call the attention of the Senate to the removal of portraits of former British Prime Ministers from the sixth floor of the Centre Block of the Parliament Buildings.

My honourable colleague, Senator Hicks, did, indeed, raise the matter on the following day. I listened attentively to his remarks and decided then that I wanted to respond for a number of reasons that I will spell out today, tomorrow, next week and perhaps for some months to come.

What concerned Senator Hicks is, of course, the decision to remove the portraits or, more properly, the decision to have them hung somewhere else and who was responsible for that suggestion, if I may call it that. He said that he did not think:

> —that that decision was any business of the Parliamentary Spouses' Association at all.

He then quoted the Leader of the Government in the Senate as saying:

> Plans are now being made to have prints of the Canadian Prime Ministers hung in the corridor and a suitable location for photographs of the Prime Ministers

—that is, of the United Kingdom—

> will be found.

Senator Hicks did not tell us who had made the decision some time ago to hang the portraits in the first place. He said:

> —that that row of photographs was exceedingly interesting. I thought they related to our history in a way that all of us could be proud of.

I wish that he had not referred to all of the British Prime Ministers, or that he had not included me in his conclusion. However, Senator Hicks has failed to illustrate his affirmation or support it with facts. It may be a foregone conclusion in his mind that all of these men and the one woman merit our equal and perpetual esteem because they happen to carry at some point in their lives the title of Prime Minister. I could not disagree more.

Senator Hicks says that:

> —those portraits are part of our history.

I question the validity of that broad statement and the historical basis for it. He further states:

> We should not try to turn our back on our heritage; we should be proud of the origins that have enabled us to create the institutions that belong to us today.

I could not agree with him more if the matter he raised related directly to the institution of the Canadian Parliament, but the Prime Minister is not Parliament in Great Britain or in Canada. The Prime Minister may or may not have influenced Parliament mightily and that, I suggest, is the subject of debate for another day. I fail to see, and the Honourable Senator Hicks has failed to establish, the relationship between the Prime Ministers of the United Kingdom and the institution of Parliament in Canada. I cannot take a blind leap of faith because he says so.

My respect for the Mother of Parliaments is unimpeachable. I could subscribe to the quote attributed to Joseph Howe but it should have been applied appropriately and correctly. We are talking here of our national records, our illustrious dead, our great structures and love of country and our national pride. Yes, but this is Canada.

Have the parliamentary wives desecrated a national shrine? They have merely responded to countless observations and comments heard by all of us and repeated by countless visitors to our parliamentary restaurant since the portraits hang in the hall leading to it. Are the parliamentary spouses, most of them wives, iconoclasts? I feel that our spouses, male and female, have made a valid contribution to Canadian national pride by suggesting a more suitable resting place for the late British Prime Ministers—at least most of them. The entrance to the restaurant, in my opinion, is not that suitable place.

• (1510)

Having said that, I would immediately invoke one exception. The portrait—and it should properly be called a photograph—of the late, the Right Honourable Winston Churchill, merits a particular place of honour in the Canadian Parliament; I would daresay almost second to our own Prime Ministers, and that is for reasons that I think would be obvious to most of you and which I can spell out in some detail if there is a request to that effect.

I do not wish to debate the merits of that particular politician and the great man he was in times of desperate crisis. He, of all British Prime Ministers, is perhaps the only one whom living Canadians readily acknowledge as outstanding. Besides, his photograph is the only portrait in the batch that can readily be called a work of photographic art; it is superlative. It is an all-Canadian product; the photographer being none other than Karsh. Canadians can be justly proud of the person and of the artistic medium-technique depicting him.

As for most of the others I say, along with the Leader of the Government in the Senate, "may they rest in a suitable location."

In concluding, I should like to refer briefly to Spenser Compton, Earl of Wilmington and Prime Minister of Great Britain during a few short months in 1742 and 1743. I quote from *The Prime Ministers* by George Malcolm Thomson which states:

> Not a complete fool, nor a man of any consequence, this "dull important lord" filled the four highest offices in the state for nearly thirty years. The consideration that was given to a minister was something that he enjoyed; others could wield the power and do the work; it was enough that he looked like a minister.
>
> Let Wilmington with grave contracted brow
>
> Red tape and wisdom at the council show
>
> Sleep in the senate, in the circle bow.
>
> He remained a bachelor, his life unspotted by amorous scandal, although Horace Walpole speaks of "private debauches, his only pleasure money and eating, his only knowledge forms and precedents; his only insinuations bows and smiles."
>
> For a few months, Wilmington was a stop-gap Prime Minister: no other achievement is remembered of his term of office. He died rich and left his money to his nephew. The British constitutional process moved on, barely noticing the brief intervention of the phantom.

Why should the portrait of that particular individual hang in the halls of the Canadian Parliament? Why should one find fault with a recommendation coming from the Parliamentary Spouses' Association? Honourable senators, I leave you with that thought.

Hon. Senators: Hear, hear.

On motion of Senator Hicks, debate adjourned.

TRANSPORTATION OF DANGEROUS GOODS REGULATIONS

CONSIDERATION OF REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE ON SUBJECT MATTER—ORDER STANDS

On the Order:

> Consideration of the Fourth Report of the Standing Senate Committee on Transport and Communications (subject-matter of the Transportation of Dangerous Goods Regulations), presented in the Senate on 27th June, 1985.—(*Honourable Senator Langlois*).

Hon. William J. Petten: Honourable senators, I ask that this order stand until Wednesday next, December 3, 1985.

Order stands.

INTER-PARLIAMENTARY UNION

SEVENTY-FOURTH ANNUAL CONFERENCE, OTTAWA, AND SPRING CONFERENCE, LOMÉ, TOGO—DEBATE ADJOURNED

Hon. Peter Bosa rose, pursuant to notice of Thursday, November 7, 1985:

> That he will call the attention of the Senate to the Seventy-fourth Conference of the Inter-Parliamentary Union which was hosted by Canada in Ottawa from 2nd to 7th September 1985, as well as to the spring Conference which took place in Lomé, Togo, from 25th to 30th March, 1985.

He said: Honourable senators, I should like to speak today about this year's work of the Inter-Parliamentary Union, and especially about the 73rd Conference, held in Lomé, Togo, and the 74th Conference, held here in Ottawa. I shall also make brief mention of some smaller meetings, notably those in Nairobi on environmental issues, and in Mexico on disarmament.

I think you can already see from my opening remarks that the IPU has been dealing with some of the most vital issues confronting today's world. The great problems of disarmament, pollution, unemployment, and political and economic development in Africa and elsewhere appear in our newspapers and on our television screens and radio broadcasts every day, rivetting our attention and demanding that we do something concrete to develop solutions. We need global approaches and worldwide co-operation to deal effectively with many of these issues, and this can only be realized by working through such organizations as the United Nations and the Inter-Parliamentary Union.

This year was the fortieth anniversary of the United Nations. It was also the 96th year of the IPU—a time of renewal for this institution following a period of some organizational difficulties owing to growth in membership, heavy participation in the conferences, and over-lengthy sessions.

The Ottawa Conference, from the 2nd to the 7th September, marked both the anniversary of the United Nations and the restoration of confidence in the IPU, and was a magnificent success which testified most favourably, I believe, to the hard work and enthusiasm of all who helped to direct it and make it function effectively. My colleagues and I, who were members of the Canadian Executive Committee and the Canadian delegation to the meeting, have received messages of thanks and appreciation from parliamentarians from all quarters of the globe, and feel sure that the success of the Ottawa conference was a major international achievement for Canada.

If the IPU wanted to select a title for last year's work, I think it could describe it as "The year of Africa and other world problems."

The first IPU meeting attended by Canadian parliamentarians in 1984-85 was in Nairobi, Kenya. It took place from 26th November to 1st December, 1984; and was sponsored jointly by the IPU and the United Nations Environment Program. It dealt with a range of general, worldwide environmental problems, not solely with the African situation. Nonetheless it gave some of our parliamentarians an opportunity to experience the African situation first hand, and to see something of the efforts and the achievements of African peoples as well as the difficulties they face. As we all know, Nairobi is a modern and dynamic city, which must feel many of the same kinds of urban pressures we ourselves feel on this continent. At the same time, delegates surely could not help but get some sense, in Kenya, of the urgency of the human and environmental problem in many of the African countries, especially since the Ethiopian tragedy was at its height at the time of that IPU meeting.

• (1520)

Members of the Canadian IPU delegation attending the Nairobi meeting were Mr. Benno Friesen, M.P., Chairman of the Canadian group, the Honourable H.A. "Bud" Olson, P.C., Mr. Bill Blaikie, M.P., the Honourable Charles Caccia, P.C., M.P., and Mr. Stan Darling, M.P. They were assisted by Miss Carol Chafe, Deputy Executive Secretary of the Canadian group, His Excellency David Miller, Canada's Commissioner to Kenya and Permanent Representative to the United Nations Environment Program, and the staff of the High Commission in Nairobi. About 100 delegates from various parts of the world participated in this gathering.

The Lomé Conference in the early spring enabled many of us to experience Africa for the first time, at first hand. We were very well received by our hosts, including His Excellency General Gnassingbé Eyadema, Founding President of the Rally of the Togolése People and President of the Republic of Togo. In addition to effective participation in conference sessions, we visited many educational and other facilities in Togo, some of them assisted and sponsored by Canadian aid programs. Madame Suzanne Duplessis, Deputé, and I also had the pleasure of visiting the People's Republic of Benin, at the invitation of the Beninese authorities, on March 28.

I think we Canadians were all impressed with the warmth and spontaneity of the African people and with their efforts to develop their potential in ways fitting their own perspectives and social patterns. Togo is a beautiful country. It may not be the richest on earth, but it certainly appears to have a reasonable standard of living and good prospects. It is green and orderly, with a mixture of agriculture, tourism, industry and phosphate production. Except, perhaps, in the far north, 500 kilometres away from Lomé, it has not suffered from the drought and related problems which are now causing such havoc in those African states which run in a band beneath the Sahara.

Nonetheless, the drought problem was clearly on our minds in Lomé. One of the main items on the agenda was the question of famine, desertification and drought in Africa, and in this work the Canadian delegation played its full part. Mr.

Lee Clark, M.P., prepared and submitted a draft resolution on our behalf, and then played an active part in the committee work and drafting sessions. A resolution was then adopted unanimously by the conference, drawing attention to the urgency of the situation and calling for effective measures to control and combat it.

Owing to disturbances going on in South Africa at the time of the Lomé conference, an emergency supplementary item was introduced concerning "the recent events in Langa and the repression in southern Africa." A resolution was put forward on this question and was adopted by acclamation.

The other work of the conference included the following matters: First, a resolution on the problem of international debt was adopted by consensus. Senator Rhéal Bélisle and Mr. Stan Hovdebo spoke on this issue in the plenary debates, and Mr. Geoff Wilson prepared and submitted a Canadian draft resolution.

Second, a resolution concerning disarmament, the Middle East, the Iran-Iraq war and Red Sea navigation was discussed in the Political Committee, among speakers who were sometimes bitterly divided. Some amendments on disarmament which I presented on behalf of our delegation helped to promote agreement on some issues, but other differences could not be reconciled despite the best efforts of Mr. Marcel Prud'homme of our delegation, who was presiding in his capacity as chairman of the committee. A text was eventually adopted in the conference by 718 in favour, 178 against and 75 abstentions. The Canadian delegation had 14 votes at its disposal and divided them two in favour, eight against and four abstentions.

Mme. Duplessis spoke in the plenary debates on the disarmament issue, focusing on the problem of chemical weapons. Mr. Benno Friesen, leader of the delegation, and I participated in the plenary debate on the general world situation, and also represented our group in the Inter-Parliamentary Council and the caucus of western and like-minded delegations known as the Ten-Plus.

The Canadian delegation to the Lomé conference was accompanied by Mrs. Friesen, Mrs. Bosa, Mme. Bélisle, Mrs. Clark, Mr. Duplessis, Mrs. Hovdebo and Mrs. Wilson. We were assisted by Mr. Martin Lavoie, Executive Secretary of the group, Mr. Roger Hill, Adviser, and Mr. Gordon Lovelace, Director of Information Services. Mr. Charles Lussier, Clerk of the Senate, and Mr. Claude Desrosiers, Principal Clerk, Table Duties, House of Commons, participated in meetings of the Association of Secretaries General of Parliament. Mrs. Hill and Mme. Lussier also accompanied the delegation.

During our time in Africa, the delegation was admirably assisted by His Excellency Frederick G. Livingston, Canada's High Commissioner to Ghana and Ambassador to Togo, and Mrs. Livingston, and by Mr. James Stone, Second Secretary of the Embassy. They did everything they possibly could to make our visit interesting and worthwhile.

Before going to Lomé, the delegation leaders attended a meeting of the Ten-Plus in Madrid. We were warmly welcomed and assisted by Canada's Ambassador to Spain, His Excellency Christian Hardy, and by Mrs. Hardy and the embassy staff.

As I have just mentioned, one of the items on the IPU agenda in Lomé dealt partly with disarmament. This topic has long been an important concern of the Inter-Parliamentary Union, and the debates in Lomé were soon resumed at another IPU meeting, the Inter-Parliamentary Symposium on Disarmament Relating to Conventional Weapons that was held in Mexico City from May 28 to 31, 1985. This brought together parliamentarians, experts and staff from all parts of the world, including, for Canada, Senator Paul Lucier and Mr. Ross Belsher, M.P.

Turning now to the Ottawa conference, I think it is a cause for great pride that this meeting was such a success. Seven hundred and forty one delegates from 94 countries attended the conference. Some delegates were accompanied by their spouses. Here was the world's oldest political international organization meeting in our capital and continuing the work of examining the vital world issues and bridge-building among parliamentarians which is so necessary in today's world.

Once again, Africa was at the forefront. One major item on the conference agenda was decolonization, and this naturally focused mainly on the situation in Namibia, formerly known as South West Africa. The debates also dealt with the problems of South Africa, the western Sahara, and the various non-self-governing territories remaining in the world. Mrs. Mary Collins of our delegation played a leading role in this work, speaking in the plenary debates, chairing the drafting committee which prepared a resolution, and serving as rapporteur. Dr. Howard McCurdy also participated in the drafting group sessions. The impact of current events in southern Africa made it impossible to achieve a consensus resolution. The final text was adopted by 678 votes in favour, 143 against and 101 abstentions. The Canadian delegation had 14 votes and cast them four in favour, two against and six abstentions.

Another very important item on the agenda dealt with the problem of the illicit international drug traffic, as well as the International Youth Year and the rights of youth. Our delegation had proposed the drug issue in Lomé, but had not been too happy to see it combined with youth questions, since we believe that illicit drug use and trafficking are problems of society as a whole. All of society is responsible; young people are all too frequently the victims.

● (1530)

As it happened, the work on the drug question and the youth situation proceeded very successfully. Eventually, a text was unanimously adopted, which clearly distinguished between the two aspects of the item. The Honourable Allan Lawrence played a key role in the work on the drug issue, giving a very forceful speech in the plenary debates and serving as chairman of the drafting group and rapporteur. Mr. Lawrence and I also worked on a memorandum on the drug question, which was circulated to all delegations. Dr. Howard McCurdy led the work on youth issues, speaking in the plenaries and also

representing our delegation in the drafting sessions and committee work.

A supplementary item was added to the agenda concerning the international debt problems of developing countries. Mr. Gilbert Chartrand and Mr. Marcel Prud'homme participated in the committee work on this issue. A resolution was adopted by consensus, but with reservations on some paragraphs by various national delegations, including our own.

A meeting of women delegates was also convened during the conference, chaired by Mme. Suzanne Duplessis of our Executive Committee. More than ten Canadian women parliamentarians helped to host this luncheon, which I believe was a successful event. A resolution was adopted concerning opportunities for women delegates to participate more strongly in IPU meetings.

In addition to the members already mentioned, Mr. Friesen, Senator Bélisle and I participated in various ways in the plenary sessions, committee work and delegation activities of the conference. Mr. Friesen was elected President of the Conference, and then to a seat on the IPU Executive Committee. He and I represented our delegation in the Inter-Parliamentary Council and the Ten-Plus meetings. I spoke in the plenary debates, noting that 1985 was the fortieth anniversary of the founding of the United Nations and expressing the hope that the superpowers and other countries would overcome the causes of mistrust among them and develop a new spirit of co-operation.

The Ottawa conference also provided an excellent opportunity to show something of Canada to the outside world. One highlight was the opening ceremony, in the presence of Her Excellency, Mme. Jeanne Sauvé, the Governor General. Speakers were introduced by Mr. Prud'homme, and included Mr. Friesen, Chairman of the Canadian Group; the Honourable Harvie André, Associate Minister of National Defence; the Honourable Guy Charbonneau, Speaker of this chamber; the Honourable John Bosley, Speaker of the House of Commons; and Mme. Sauvé herself.

Another spectacular highlight of the conference was the gala evening on September 4, a fine show of musical and other entertainment which was introduced by Mme. Suzanne Duplessis and Dr. Howard McCurdy. It was very well received by the audience and was carried from coast to coast on national television. In addition to these events, there were two programs of visits for delegates and accompanying persons to see something of Ottawa, Montreal, Upper Canada Village, and such facilities as the Chalk River Nuclear Laboratories of the Atomic Energy Company of Canada. The educational visits, for example, were so popular that they were invariably booked up well in advance.

The Canadian delegation was as active in the social events as it was in the debates and committee work of the conference. Mr. Friesen, Senator Bélisle, Mr. Lawrence, Dr. McCurdy and I were accompanied by our wives, and Mr. Prud'homme was accompanied by his sister.

Members of the Executive Committee of the Canadian Group, and alternate delegates, also took a keen interest in the conference, including prticipating in lively morning caucuses and attending the plenary debates. Those participating included Senator Eymard G. Corbin, the Honourable Robert Howie, Dr. Bruce Halliday, Mme. Suzanne Duplessis and Mr. Ian Deans.

The success of the conference represented a major achievement for the Canadian group and the senators and members from both houses who worked so hard and so long to make it a memorable event. In addition, success depended heavily on the excellent organizational and staff work carried out by the Parliamentary Relations Secretariat, other branches of the administration, and advisory and support groups. The list of names of those who contributed is far too long for me to mention everyone here. I simply want to assure everyone concerned that their efforts were deeply appreciated.

We were all sorry to see the Ottawa conference end and our many friends return to their own countries. We hope that they will all remember Canada very warmly, and will carry forward, to further stages, the substantive work which was accomplished at the conference. The fact that more than 100 journalists were accredited to the Ottawa meeting underlines the extent to which the media focused its attention on the IPU Conference. We hope that the ideas developed in Ottawa will have a positive influence on parliaments, the public and governments at home and abroad.

Canada has been and continues to be a solid supporter of the IPU. Having hosted the fall conference in Ottawa, Canadians have had the opportunity to see for themselves the very important work that the IPU does. As vice chairman of the Canadian group, I am pleased to have played a part in the organization of the conference and in the activities of the IPU and I thought that I should share with honourable senators the highlights of the activities that have taken place during the past 12 months.

On motion of Senator Corbin, debate adjourned.

INTERNATIONAL TERRORISM

SEIZURE OF EGYPTIAN AIRCRAFT—EXPRESSION OF OUTRAGE—EXPRESSION OF CONDOLENCES

Hon. H. A. Olson, pursuant to notice of Tuesday, November 26, 1985, moved:

> That the Senate express its shock and outrage at the recent terrorist attack on the Egyptian aircraft and urge that an international effort be made to strengthen security measures at airports to reduce the risk of this happening in future; and
>
> That the Senate express sincere condolences to the families of all the victims.

He said: Honourable senators, I appreciate the Senate's giving leave yesterday to revert to Notices of Motions to enable me to place this motion on the order paper. I will endeavour to be brief.

I consider it appropriate that we say a few words about the recent hijacking, because two Canadians from Beiseker, Alberta, who were on board the aircraft, were murdered—I consider that to be the right term—in this incident. The wording of the motion, whereby we express shock and outrage, is appropriate, because even for hijacking we have now hit a new low, when hijackers murder people. They murdered a 16-month old baby and, I believe, four women, including one Canadian.

We are not absolutely certain of all of the facts, because the trial of the one hijacker who is still alive has not yet been held. However, I believe that we should express formally our shock and outrage at this incident.

I do not wish to say much more about it at this time, but I am sure that all honourable senators will mourn with me the loss of Valinda June Leonard and her son, 16-month old Andrew Leonard, who died either from the effects of a hand grenade or from the fire and smoke inside the aircraft that followed the commando rescue attempt.

The people I have mentioned were completely innocent of being involved in any kind of political action, either in that part of the world or elsewhere. Mrs. Leonard's husband, Edward, is a landscape engineer from Calgary, working in the Middle East. His wife was making this trip because I understand there is a six-month limit on visas for spouses.

I will conclude by thanking honourable senators for giving me the opportunity to express on their behalf sincere condolences to the families of the victims. I will ensure that a copy of the debate is sent to the Leonard family, after its publication tomorrow.

Hon. Senators: Hear, hear.

● (1540)

Hon. Stanley Haidasz: Honourable senators, it was for me a sad personal experience yesterday to have seconded Senator Olson's motion expressing the Senate's condolences to the bereaved Leonard and Uffelman families in their sorrow over having lost Valinda and her son, Andrew, in that tragic EgyptAir hijacking in Valletta, Malta last Sunday. I consider as close friends the Leonard family of Etobicoke, Ontario, who have suffered another personal tragedy this year. In conveying to them and to the Uffelman family our deepest sympathy, I would like to express also our admiration and respect for the courage and understanding with which these families have responded to the tragic ending of 60 lives by the senseless acts of barbarous terrorists.

I think it is also proper in debating this motion today, to offer to the Secretary of State for External Affairs, our appreciation for his having offered the services of the Canadian government to transport the remains of these two innocent Canadians back to Canada and also to thank the Canadian and Maltese diplomats with whom I was in contact on Sunday several times.

Added to the horror that we feel over the tragic death of these innocent victims, is our deep sense of frustration and anger at the failure of governments to prevent the recurrence of hijackings and other acts of international terrorism. We should ask ourselves today why our governments are so ineffective in preventing aircraft hijackings by armed terrorists who seem to get on board our aircraft and other means of transportation so easily. This tragedy in Malta should end any complacency that air piracy is on the decrease and that it has not been such a tragic thing in the past. This tragedy in Malta also reinforces the need for more international co-operation to prevent terrorism. This tragedy urgently calls for swift and stringent regulations and other provisions by the International Civil Aviation Organization and the International Air Transport Association. Furthermore, the United Nations, with the good record of its peacekeeping forces, should also get involved in an effective way to fight international terrorism and air piracy.

We in Canada should spare no costs in ensuring that healthy and safe air transportation is available to the air-travelling public. The public should be reassured that we are doing our best to prevent air piracy in Canada. We should increase our efforts to help solve the Middle East conflict, which has generated so many acts of terrorism, not only in the Middle East, but in other countries.

Even though we are living in an imperfect world, we should never give up efforts to make this world a safer place in which to live. Next month Canadian External Affairs officials will be attending a special meeting between officials of the seven western summit countries in Bonn. I hope that the Canadian contribution will be concrete and very forceful. I also look forward to reports by the Secretary of State for External Affairs and the Minister of Transport on the matter of air safety in Canada, and as it relates to international travel. I hope, too, that such reports will be referred to our appropriate parliamentary committees for examination. I think these steps will go a long way in helping to reassure the air travelling public and in clearing the doubts and concerns that trouble many Canadians today.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, may I just take a moment to reinforce the sentiments expressed by my honourable colleagues opposite. Senator Olson said that he was sure that he spoke on behalf of the the members of this house. I would like to underline and reinforce the unanimity of this side in expressing our sincere condolences to the families of the victims. It has already been said eloquently by my honourable friends opposite, but this international terrorism is something that becomes very real when it begins to affect citizens of our own country who seem to be far removed from that sort of thing. I agree that an international effort should be made on this problem, and I am sure that it is in the process of being made. It is not an easy problem to solve, and I do not envy those who have the responsibility for it. I congratulate Senator Olson and Senator Haidasz for bringing this motion before the Senate and I fully concur in their sentiments.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I would like to add a short footnote to this motion. I do not know how many honourable senators share a feeling I experience when I hear about events of this kind. We

usually hear about them on the radio or television or read about them in the papers. It may be just a personal reaction, but I find myself resenting these hijackers being described as international terrorists. There is a certain aura of glamour, adventure and political martyrdom associated with that description. Of course, they want to present themselves in a good light so they give their gangs names with a certain glamourous dimension and connotation. Society tries to organize itself on the basis of giving, no matter what the political system is, some opportunity to express political dissent. It is not the same in all countries, of course. I can understand why persons who cannot get their political beliefs implemented feel a sense of frustration and may be tempted to try illegitimate means to achieve those objectives. However, it seems to me that these people who succeed in having themselves described as terrorists and hijackers and who use all these glamourous sounding names are really the most cowardly of criminals. Even organized crime in its violence normally leaves what they call the "straight people" alone. They fight amongst themselves.

However, I am very suspicious as to how really politically motivated a number of these people are. They take innocent people; they hold them as hostages and they arm themselves to do so. They never arm themselves, you will notice, to fight other armed people. They do not take on the armies of the establishments with which they disagree.

Senator Nurgitz: That might take courage.

Senator Frith: That might take a little more courage. They themselves might actually have to look down a gun barrel. But they are always on the butt end of the gun; they are always pointing those guns and making those threats at people who are totally incapable of defending themselves, including children, and then hear themselves being described in some mild, vaguely heroic terms. That, I suppose, is one of the reasons, although not a complete answer at all to Senator Haidasz's question as to why it is so hard to deal with these people.

The press, of course, is in a difficult position. There is an event that is worthy of reporting, but I often feel that the press squeeze the last drop out of it, and from what I know of the psychological make-up of such people, I believe they get a thrill out of the whole thing because day after day they find themselves the centre of attention; an attention that they otherwise have never been able to get.

Senator Nurgitz: It is a media event.

Senator Frith: It becomes a media event. They become performers and, while they are playing their games, their cowardly games, innocent people are injured; innocent people are terrorized and innocent people are killed.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 28, 1985

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

Prayers.

THE SENATE

MR. HUBERT GRIFFITH, EDITOR OF DEBATES (ENGLISH)—FELICITATIONS ON COMPLETION OF 25 YEARS OF SERVICE

Hon. Duff Roblin (Leader of the Government): Honourable senators, I should like to draw the attention of the Senate to the fact that Mr. Hubert Griffith, the Editor of Debates and Chief of Reporting Services (English), celebrated, on November 1, the twenty-fifth anniversary of his service to the Senate, and I believe we would all like to take notice of that fact and to congratulate him on the event.

Hon. Senators: Hear, hear.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

NINETEENTH REPORT OF COMMITTEE TABLED

Hon. Guy Charbonneau, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled the committee's nineteenth report approving the supplementary budget of the Standing Senate Committee on Foreign Affairs.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

[*English*]

INCOME TAX ACT AND RELATED ACTS

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-84

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators will recall that yesterday we discussed referring the subject matter of two bills to committee for pre-study. I am pleased to inform honourable senators that the Standing Senate Committee on Banking, Trade and Commerce has agreed to find time to handle those bills. I am grateful to the chairman, Senator Murray, for having agreed to that and for listening to the wisdom of my argument, which I believe was the only bright spot in an otherwise rather dull morning.

Senator Frith: A frustrating morning.

Senator Doody: A frustrating morning.

Therefore, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of the Bill C-84, intituled: "An Act to amend the Income Tax Act and related statutes and to amend the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Financial Administration Act and the Petroleum and Gas Revenue Tax Act", in advance of the said Bill coming before the Senate or any matter relating thereto.

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

Hon. Senators: Agreed.

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

Hon. Senators: Agreed.

Motion agreed to.

TAX REBATE DISCOUNTING ACT

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-83

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

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of the Bill C-83, intituled: "An Act to amend the Tax Rebate Discounting Act", in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to.

ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, December 3, 1985, at 2 o'clock in the afternoon.

Motion agreed to.

DIVORCE

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON SUBJECT MATTER OF BILL C-46 TABLED

Leave having been given to revert to Reports of Committees:

Hon. Joan Neiman: Honourable senators, I have the honour to table the seventh report of the Standing Senate Committee on Legal and Constitutional Affairs respecting the subject matter of Bill C-46, to amend the Divorce Act.

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON SUBJECT MATTER OF BILL C-47 TABLED AND PRINTED AS APPENDIX

Hon. Joan Neiman: Honourable senators, I have the honour to table the eighth report of the Standing Senate Committee on Legal and Constitutional Affairs respecting the subject matter of Bill C-47, respecting divorce and corollary relief.

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

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see Appendix "A", p. 1549.*)

FAMILY ORDERS ENFORCEMENT ASSISTANCE

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON SUBJECT MATTER OF BILL C-48 TABLED AND PRINTED AS APPENDIX

Hon. Joan Neiman: Honourable senators, I have the honour to table the ninth report of the Standing Senate Committee on Legal and Constitutional Affairs respecting the subject matter of Bill C-48, to provide for the release of information that may assist in locating defaulting spouses and other persons and to permit, for the enforcement of support orders and support provisions, the garnishment and attachment of certain moneys payable by Her Majesty in right of Canada.

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

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see Appendix "B", p. 1551.*)

DIVORCE

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON SUBJECT MATTER OF BILL C-47—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. Joan Neiman: Honourable senators, I give notice that on Tuesday next, December 3, 1985, I will call the attention of the Senate to the eighth report of the Standing Senate Committee on Legal and Constitutional Affairs on the subject matter of the Bill C-47, intituled: "An Act respecting divorce and corollary relief."

FAMILY ORDERS ENFORCEMENT ASSISTANCE

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON SUBJECT MATTER OF BILL C-48—NOTICE OF INQUIRY

Hon. Joan Neiman: Honourable senators, I give notice that on Tuesday next, December 3, 1985, I will call the attention of the Senate to the ninth report of the Standing Senate Committee on Legal and Constitutional Affairs on the subject matter of Bill C-48, intituled: "An Act to provide for the release of information that may assist in locating defaulting spouses and other persons and to permit, for the enforcement of support orders and support provisions, the garnishment and attachment of certain moneys payable by Her Majesty in right of Canada."

QUESTION PERIOD

[*English*]

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—GOVERNMENT POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I want to return to a subject which was raised yesterday having to do with trade. Is it a fact that the government has decided that all items should be placed on the bargaining table, with the specific exceptions mentioned by the Prime Minister in his statement in the House of Commons when he referred to the sovereignty of Canada and certain other matters? Are all matters, other than those, on the table for negotiation including agricultural products?

Hon. Duff Roblin (Leader of the Government): Honourable senators, this is an important question and I would not like to answer it off the cuff so I will take it as notice.

Senator MacEachen: Honourable senators, my point in asking the question is that in the statement made by the Premier of Quebec about areas of shared jurisdiction it would be the view of the Province of Quebec that products in those areas could not be put on the table without the consent of the provinces. The premier took the view, for example, that communications and agriculture could not be negotiated without the consent of the province. In other words, the province would have a veto on the question as to whether these items would go on the table. I should like to ask the Leader of the Government to deal with that subject when he is dealing with the first point I made.

Senator Roblin: It raises a very nice constitutional point. Relying on my memory, I do not think that in the past provinces have claimed a veto on matters of joint constitutional interest in connection, in particular, with the GATT negotiations. This, I think, is a new approach to the matter, but it is an important one and I will try to find out the answer for my friend.

AGRICULTURE

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ASSISTANCE

Hon. Hazen Argue: Honourable senators, I should like to raise once again the subject which I have already raised very often. This time I raise it having had the benefit of the announcement by the Minister of Agriculture in the other place as to the government's drought assistance program. If I may be pardoned, I would say that it was a very disappointing announcement. The amount of money was inadequate. It looks like the government wishes to be a Scrooge with the farmers of western Canada. This is particularly clear when you compare the $150 million announced to the billion dollars or more provided to bail out the depositors of banks.

Senator Flynn: Oh, come on!

Senator Argue: The farmers asked for half a billion dollars in Saskatchewan, and with half a billion dollars for other areas the total would be a comparable amount, and still the announcement is probably 10 or 15 per cent of what the producers asked for and, I think, had a right to expect. The demand was for $50 an acre and was supported by political representatives at every public meeting. The calculation here is based on $5 an acre, or perhaps a little more.

My question to the Leader of the Government in the Senate is: Does the government expect the provincial governments to come forward with a matching program of payments in the disaster area, or is there likely to be for Saskatchewan, for example, a matching program by the provincial government so that the $150 million might at least be doubled?

Hon. Duff Roblin (Leader of the Government): Honourable senators, of course I am unable to say what the provinces are going to do in the future but I can tell my honourable friend my understanding of what they are doing right now. The amount of $150 million which the federal government is contributing as its share is based on topping up the crop insurance from 70 per cent to an 80 per cent figure. Our original proposal to the provinces was that they should match it so that it would amount to $300 million directly in this program. This proposition was accepted by the Province of British Columbia but it was not accepted by the provinces of Alberta and Saskatchewan. Those provinces said, "It is all very well for you to offer us this suggestion but we are going to have to make up our own minds as to how we are going to distribute the money, but we do undertake to contribute in another form an amount equal to what you have been contributing under this program," and this is what they are doing. The Province of Alberta has a program of $212 million which includes the farm fuel system and also special consideration for livestock in Alberta. They are also providing a concession of fuel taxes in Saskatchewan, 21 cents per litre, and they also have a farm loan program, of which my honourable friend is aware, at a 6 per cent interest rate. So they have their own programs, and their contribution, though not the same as ours, provides at least the same amount of money, and in some cases a good deal more. In Alberta the fuel tax concession is 14 cents per litre. That is the contribution that the provinces are making so far.

[Senator Roblin.]

• (1410)

One has to remember—and I do not have all the figures with me right now—that this particular program which the federal government is sponsoring is not the first it has sponsored in response to the drought situation. The sum of $42 million has been provided with respect to livestock and over the past couple of years a couple of billion dollars have been contributed in crop insurance, to which the federal government, along with everybody else, makes a substantial contribution. While I would not for a moment pretend that this program is going to be satisfactory in the sense that it meets all the demands that are being made, it does represent a substantial contribution toward easing the problem.

Senator Argue: I appreciate the minister's reply. I am not exactly sure as to what he said about Saskatchewan. I guess I should ask him whether or not there is a possibility that the Province of Saskatchewan will match this amount, or is it clear from what he said that the programs in place or recently announced in Saskatchewan are the only Saskatchewan programs? I would point out to the minister that the Saskatchewan program is in no way a drought assistance program. It is available to every farmer on an equal basis across the province, so it cannot be considered a crop disaster program. It is an agricultural support program available to everybody. I would like to know whether there is another factor involved here; namely, that Saskatchewan will match the federal program directed to the disaster area.

I would like to ask the minister another question, and if he does not have the details I will understand. It is pretty clear to me from what the Minister of Agriculture stated in the other place that these payments will be made to producers who have had accumulated crop losses primarly due to drought over the past three years. My question is: Is a producer who had a total crop failure in 1985 but an average crop in the years just prior, entitled to a payment under this program?

Senator Roblin: Honourable senators, I am not able to give my honourable friend that information this afternoon for obvious reasons. While it is a very important question, it is clearly one of detail and administration. I shall find out the answer to it. With respect to his first question, I reiterate that in connection with its present programs the Government of Saskatchewan is spending an amount that is at least equal to that being contributed by the federal government. It is within the constitutional purview of the Province of Saskatchewan to bring in any program it likes. We in the federal government are in no position to tell the province how it should be done. That is the responsibility of the Government of Saskatchewan and I respect it and I think we should all respect it. We have offered a suggestion. We have done our part. They have said that they will match us in terms of dollars but they want to provide their assistance in another way, and I think we have to accept that. As to what the Government of Saskatchewan will do in the future, the honourable senator had better address his question to them.

Senator Argue: I would dispute the statement the minister has made, not that he does not believe it to be accurate, that the Saskatchewan government has contributed or will contribute by its announced programs to the drought area anywhere near the amount of money that is being contributed and has been announced by the federal government. The Saskatchewan program, I think, will still fall short for everybody and, as I said, it is not targeted specifically to the drought area.

Can the minister explain to the house why the beef producers were singled out for preferred treatment? The beef producers in the disaster area have received $60 per head. I will not go into the mathematics of it, but that is the total. Every beef producer in the drought area gets a payment without question. You have the brood cows, the sows and so on. However, for the grain producers there is a means test. Why is there this difference in attitude by this government?

Senator Roblin: I do not think there is any difference in attitude. The amount of $48 million was provided for the beef producers in the drought area and some $150 million is being provided for the farmers who are interested in other forms of agriculture. To my mind they are being treated on a reasonably equitable basis.

Senator Argue: They are not all the same at all, because the fact that grain producers live in the drought area does not entitle them *per se* to anything under this announced program. However, the beef producer, whether that producer had plenty of hay this year, last year, and the year before that, gets paid.

Does the Leader of the Government in the Senate realize that the payments under this assistance program will average out for the producers of western Canada to about half as much as a family living in a city could obtain under the Canada Assistance Plan?

Senator Roblin: Payments under the Canada Assistance Act are available to farmers as well as to those who live in our cities, assuming there is a demonstrated need. I do not think that sort of comparison is helpful at all. To my mind, it merely incites people to envy or to express dissatisfaction in other ways with their situation.

It is perfectly true that any program of this nature is not going to be completely fair and equitable. In the nature of things, that doesn't happen. We have to get as close to being completely fair and equitable as we can. We are saying to those farmers in the drought area who have suffered crop losses that they are entitled to assistance on this basis, and that is what we mean.

It is quite possible that there might be one or two people in that area who did not experience the drought. It may be that they are living just outside the municipality affected. If that is the case, notwithstanding that they are outside the municipality or the so-called drought area, if they have a case for assistance, it is available to them.

Senator Argue: The facts are clear. The producers in the drought area will not all get assistance. I can tell the minister that in the case of the province of Saskatchewan, farmers are barred, by policy, from getting payments under the Canada Assistance Plan, the ground for refusal being the fact that these individuals did have an income in the prior year. They are told to sell their farms and to use their crop insurance cheque to support their families, notwithstanding that the crop insurance money is already committed to operations in the upcoming year.

The test for farmers is not simply one of whether or not the farmer has any available income; it is different, and as a result of it, farmers are barred from assistance under the Canada Assistance Act.

Senator Roblin: Well, I am not sure that I can agree with my honourable friend's analysis of the situation.

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT

Hon. Joyce Fairbairn: Honourable senators, I should like to put a question to the Leader of the Government in the Senate.

I was deeply distressed to learn yesterday that there wasn't any announcement whatsoever of any assistance in terms of a 1983 stabilization payment for sugar-beet producers, and of particular concern to me are those sugar-beet producers in southern Alberta who did not plant a crop this year.

The Leader of the Government in the Senate, in answer to a question on an earlier date, indicated that the issue of the 1983 stabilization payment was bound up with discussions respecting drought assistance.

My question to him is: When can we expect an announcement in respect of a 1983 stabilization payment for the sugar-beet industry?

Hon. Duff Roblin (Leader of the Government): I should clarify my statement, in the event that my honourable friend has misunderstood it, respecting the relationship between the drought assistance and the sugar-beet situation.

While each element stands on its own feet, they have a common interest, that common interest being the amount of money that is available for assistance to the agricultural industry. That is the connection between the two.

The minister in charge of the beet policy is still struggling with it, in an endeavour to find something that can be offered to those producers. However, as I said the other day, I have no news on that matter that I can advise my honourable friend of at the present moment.

Hon. Gildas L. Molgat: I have a supplementary question. The policy regarding payments to sugar-beet growers is really unrelated to the establishment of a long-term sugar-beet policy. Admittedly, a long-term sugar-beet policy is required. The policy respecting retroactive payments is a long-standing one. This now goes back to 1983, in relation to a crop that was planted by sugar-beet growers in three provinces, all in the expectation that the policy previously in effect would be continued.

Whether or not there will be a new sugar-beet policy is something else altogether, but surely the question of that stabilization payment can be resolved now.

Senator Roblin: My honourable friend's argument is persuasive. I like the sound of it myself and I am doing my best to see if something can be done about it.

● (1420)

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—GOVERNMENT POLICY

Hon. Ian Sinclair: Honourable senators, my question really is a supplementary to a question raised by Senator MacEachen. I understood the government leader in the Senate to say that in matters of trade where there was an element of shared jurisdiction, to his knowledge, the position taken by provinces was not that they were predominant. Was that the answer he gave?

Hon. Duff Roblin (Leader of the Government): I offered an opinion on the subject, but I am saying to my honourable friend that I cannot recall precisely from the facts of previous negotiations whether my impression is correct. My impression is that there has not been a serious problem in the past in co-ordinating federal and provincial policies with respect to matters in shared jurisdictions and international relations. There are exceptions that can be quoted but, on the whole, we have managed to get along.

However, I recognize that if the matter is raised in the way it has been raised by the Premier of Quebec, the situation will need to be carefully considered.

CRIMINAL CODE

BILL TO AMEND (PROSTITUTION)—SECOND READING—DEBATE ADJOURNED

Hon. Finlay MacDonald moved the second reading of Bill C-49, to amend the Criminal Code (prostitution).

He said: Honourable senators, the present legislation dealing with street solicitation, section 195(1) of the Criminal Code, has ceased to be effective as a result of the interpretation of these provisions by the Supreme Court of Canada and the appellate courts across the country.

Section 125(1) of the Code, which makes it an offence for any person to solicit for the purpose of prostitution in a public place, was enacted in 1972 to replace the then vagrancy offence of being a streetwalker. This offence was viewed as a status offence, and was repealed in response to one of the recommendations of the Royal Commission on the Status of Women. Court decisions have significantly limited the effectiveness of the present act in dealing with street solicitation.

The incidence of street soliciting in larger Canadian cities, as you know, has increased dramatically since 1978 when the Supreme Court of Canada held that behaviour must be "pressing or persistent" to constitute soliciting. In a later judgment, the court held that there must be repeated solicitations in respect of one individual. This means that a sequence of non-pressing approaches, made by a single prostitute to a series of individuals, does not constitute the offence of soliciting.

The Supreme Court of Canada also stated that the interior of a motor vehicle is not a public place, but a private place for the purpose of this section. This has caused further confusion as to whether or not soliciting that takes place in an automobile, parked in a public place or in a place open to public view, falls within the soliciting provision.

However, the real key is the third problem with the present legislation. As a result of conflicting decisions at the level of the provincial appellate courts in some jurisdictions, a customer who accosts a person in a public place can be prosecuted while in other jurisdictions the customer is not liable to prosecution. This imbalance in the application of the law cannot be allowed to continue. In fact, at present, this imbalance has become merely theoretical, since the law has been rendered totally ineffectual by court decisions.

The National Association of Chiefs of Police and the police chiefs of major Canadian cities have indicated to officials of the Department of Justice the phenomenal reduction in the complement of officers assigned to vice squads, morality squads, in recent years. There is simply no reason to have a vice squad if there are no legal mechanisms with which it can carry out its duties.

The proposed legislation would make it an offence for a prostitute or a customer to seek each other out in a public place. It is not intended to bring back the former status offence of simply being a prostitute in a public place who is unable—I think the expression used is—"to give a good account of herself." Mere presence will not constitute an offence, but any attempt to engage in the trade on the street will likely be caught. The problems associated with soliciting have not arisen from the presence of prostitutes and customers in public locations, but from the conduct in which they engage while they are there. These proposals are intended to remove the opportunity for them to carry out their business in public and to prevent such conduct from occurring.

In addition to making it clear that customers as well as prostitutes are liable to criminal sanction for negotiating sex in public places, these amendments will specify that such activity which takes place inside an automobile in any public place or place open to public view will be caught.

The use of public places for trade in prostitution cannot be considered to be any longer a right. This conduct can only be tolerated so long as it does not disrupt the lives of others. The nuisance effects of street solicitation have gone past the point of toleration. Here we have a situation where a small minority claims the right to buy and to sell sex in public to the denial of the rights of the general public in those communities affected.

This bill, honourable senators, remedies that situation. It corrects an anomaly in the law which has shielded those who have taken over the streets. It will, for the first time in Canada, make customers subject to arrest and prosecution for seeking the services of prostitutes. That aspect of the legislation will make this bill an effective response to the problem.

We believe that customers will be unwilling to take the risk of arrest, criminal record and public exposure. These amendments will enable the police to control street soliciting. Not one witness appearing before the legislative committee of the House of Commons disputed this fact.

This bill will do what it is intended to do. Make no bones that it is limited in its scope. It is not intended to deal with the entire problem of prostitution. It is not intended to address its root causes, be they social or be they economic; it is only intended to deal with the pervasive, increasingly alarming form of prostitution, that is, the buying and selling of sex in public.

I am aware that one of the major criticisms of this bill has been that it does not address the problem of juvenile prostitution. In fact, this bill, although limited to conduct which takes place in public, will make the practice of juvenile prostitution less attractive to both the youthful prostitutes and the customers. We believe that many troubled children are lured to the streets by an activity that, superficially at least, appears to be lucrative, easy and commonplace. Customers, comfortable in their anonymity, can prey on children. The proposed legislation, if enacted, will reduce the number of children turning to this readily available trade in their cities.

Municipalities, as you know, have also endeavoured to use bylaws to control street soliciting over the years; again almost exclusively without success. In 1983, the Supreme Court of Canada struck down the Calgary bylaw on the basis that the real character of the bylaw was an attempt to control prostitution, and as such was a function of the criminal law that falls exclusively under federal jurisdiction. Then, a similar bylaw, enacted in Montreal, was also quashed by the Supreme Court, although a further effort by that city directed at the sale of any service on public streets has, so far, withstood challenges in the lower courts. However, Mayor Drapeau of Montreal pointed out recently that the future of that bylaw was by no means certain. While the committee was considering Bill C-49 in the other place, the Niagara Falls bylaw, which was drafted in a manner similar to that of the Montreal bylaw, was struck down by a provincial court.

So we have seen the failure of one injunction, the Vancouver West End injunction, to deal adequately with the problem. The daily life of one community was improved appreciably, but at the expense of another community, namely, the Mount Pleasant area. Subsequent to that West End injunction, the Attorney General of Nova Scotia was unsuccessful in obtaining a similar injunction to prevent prostitutes from occupying certain streets in downtown Halifax. Bylaws do not offer a viable solution.

● (1430)

Honourable senators may be familiar with the report of the Fraser Committee on Pornography and Prostitution, which was tabled in the House of Commons last April. The Fraser report clearly identified the many serious problems attendant upon the practice of street soliciting. I do not think it is necessary for me to reiterate those problems. We all know the magnitude of the problem. We are now faced with determining the solution. The Fraser report recognized that the current Criminal Code provisions pertaining to soliciting in a public place for the purpose of prostitution, because of the interpretations placed on them by the courts, can no longer provide an effective mechanism for controlling the many serious nuisance effects that so often result from the practice.

Finally, the Fraser report has confirmed the view frequently expressed by law enforcement authorities and municipal leaders that the criminal law is appropriate and necessary to deal with this particular form of prostitution.

The Minister of Justice and his officials, we should note, are currently involved in reviewing the recommendations of the Fraser committee, together with those of the Committee on Sexual Offences Against Children—the Badgley report—in order to bring before the House, I believe sometime in the spring, a comprehensive package dealing with the larger problems of prostitution, pornography, child abuse, and so on.

The citizens of communities across Canada affected by street soliciting should not have to endure their situations any longer. Street soliciting is an aspect of the prostitution problem on which there is consensus and which calls for an immediate response by the government.

Although the Fraser report indicates a diversity of opinion on prostitution, there is one area in which there appears to be a consensus. That is the issue of street solicitation. Bill C-49 will reinstate the power of law enforcement agencies to control the problems of street prostitution which have flourished unchecked over the last several years. Honourable senators, I ask for your approval of this bill.

Hon. Azellus Denis: May I ask the honourable senator a question? The definition of "public place", according to this bill, includes a motor vehicle. But there are all kinds of vehicles that could be used.

Senator Flynn: A bicycle?

Senator Denis: It could be a horse-drawn vehicle. I would like to know why they put in the words "motor vehicle".

Senator Frith: What about a calèche?

The Hon. the Speaker: Does Senator MacDonald have an answer?

Senator MacDonald (Halifax): Honourable senators, this is a serious matter. Perhaps the honourable senator would specify the type of vehicle he has in mind, and if I do not know the answer I will be pleased to get it for him.

Senator Denis: Perhaps the word "motor" could be withdrawn.

On motion of Senator Lewis, debate adjourned.

GOVERNOR GENERAL'S ACT
GOVERNOR GENERAL'S RETIRING ANNUITY ACT
SALARIES ACT
JUDGES ACT

BILL TO AMEND—SECOND READING

Hon. Nathan Nurgitz moved the second reading of Bill C-78, to amend the Governor General's Act, the Governor General's Retiring Annuity Act, the Salaries Act and the Judges Act.

He said: Honourable senators, Bill C-78 combines proposals with respect to the salary and pension of the Governor General, the salary of the Lieutenant Governors, and the salaries and allowances of the federally appointed judiciary.

Senator Doody: Anything for the Senate?

Senator Nurgitz: Nothing for the Senate. Before describing the changes proposed in this bill, it would be appropriate for me to review briefly the nature and constitutional framework of these institutions. I believe that will make evident to honourable senators the necessity for the amendments contained in this bill.

First, as honourable senators know, the office of Governor General is the instrument chosen by the founders of our nation to carry on the executive government of Canada on behalf of and in the name of Her Majesty the Queen. All public acts are executed by the Governor General's authority, on the advice of Her Majesty's Privy Council for Canada. In addition to sanctioning the business of government, the Governor General is required to undertake many duties as head of state for Canada. In the same way as the British monarchy, the vice regency might be described as an office of little real power but of real influence. That influence and the example set for all Canadians by the incumbents of this position have had a positive effect extending beyond mere ceremony to identification, I suggest, with the nation itself.

The same quiet influence has been exercised at the provincial level by a series of public spirited men and women who have been justly honoured by elevation to the office of Lieutenant Governor. Where once the lieutenant governorship of a province was a purely ceremonial office with relatively light duties, the incumbents of these offices are now expected to undertake a wide variety of functions and responsibilities on behalf of government.

Furthermore, whereas formerly the Lieutenant Governor was usually a person of some private wealth, the trend in recent years has been to appoint men and women of relatively limited private means, who have distinguished themselves in various fields in the life of the nation. As government becomes more technical and perhaps more removed from the life of ordinary Canadian citizens, we look increasingly to the Governor General and to Lieutenant Governors in the provinces to put a human face upon our political machinery.

Turning to the judiciary, there are now nearly 800 federally appointed judges in Canada. At the provincial level, these include judges of the County and District Courts—which now exist, I might say, in only four provinces—as well as the judges of the Superior Courts, both trial and appeal divisions. In addition, there are the judges of the so-called "Section 101" Courts, the Supreme Courts of the Yukon and the Northwest Territories, the Federal Court of Canada, the Supreme Court of Canada and the Tax Court of Canada.

Much has been said of the enhanced role of the judiciary since the coming into force of the Charter of Rights and Freedoms. It is undoubtedly true that the Charter has placed new responsibilities on the judiciary, and greater pressure upon the courts, both with respect to the increased number of matters being litigated, and the complexity of the issues which they involve. In the past, we have been fortunate that men and women of ability and dedication have been attracted to the bench. Now, more than ever, we must be assured of a uniformly high calibre for our judiciary, as the impact of their decisions upon all facets of Canadian life is more fully realized.

Honourable senators, I will now turn to Bill C-78 itself. The first thing which you will note that this bill does is to seek an increase in the salary of the Governor General of Canada. That salary has remained essentially unchanged from the time of Confederation. In 1931 the original 10,000 pounds sterling annexed to the office was converted to $48,666.63 Canadian. In the old days it was almost $5 to the pound sterling. This amount has remained unchanged to the present day. The government proposes to increase the salary of the Governor General to $70,000 a year, an amount which more accurately reflects the great importance and onerous duties attached to this office.

• (1440)

The bill will also amend the Governor General's Retiring Annuity Act to fix the annuity payable to retired Governors General and the surviving spouses of former Governors General at one third of the salary annexed to the office on March 1, 1967. This will ensure that all present and future annuitants will continue to receive the same amount.

The salary of a Lieutenant Governor will be raised from $44,100 to $69,000. As I noted at the outset, the holders of this office are exercising increasingly heavy responsibilities. It was the view of the government that the salary now provided does not adequately compensate our Lieutenant Governors for the functions and duties they are expected to perform.

The major portion of Bill C-78 is addressed to increases in judicial salaries and allowances. As honourable senators will recall, a commission to inquire into the adequacy of judicial salaries and benefits was appointed in 1983, pursuant to the terms of the Judges Act. The report of this commission was tabled in Parliament in October of that year. It recommended major increases to judicial salaries, primarily to offset the effect of inflation over the period from 1975 to 1985. During that ten-year period, the judiciary was affected by inflationary pressures in a much more substantial fashion than any other senior group in the public sector. The commission therefore recommended that new base salaries be provided as of April 1, 1985, which would have resulted in a salary of $119,000 for a puisne judge of a provincial superior court, and $153,680 for

the Chief Justice of Canada. These figures were arrived at in accordance with a formula which took 1975 salaries as being appropriate in that year.

The salaries recommended by the 1983 commission, while perhaps justifiable in objective terms, could not be implemented at a time of serious economic constraints. It was therefore determined that, although the full amounts recommended by the commission could not be provided, judicial salaries should be adjusted by reference to the relativity which existed in 1975 between judicial salaries and the mid-point of the DM-3 category, the most senior category of public servant.

Restoration of this relativity factor has resulted in a salary of $105,000 for a puisne judge of a provincial superior court, and $135,000 for the Chief Justice of Canada. While these amounts represent only about half the increases recommended by the 1983 commission, they will still result in substantial increments for 1985. The judiciary, as a class, is among the most highly compensated in the public sector. There is an old adage that "You get what you pay for." While an appointment to the bench is still considered the highest honour which can be conferred upon a lawyer, we cannot expect men and women who have been successful at the bar to take a substantial reduction in their level of income upon appointment to a judgeship. While the level of remuneration is not the only consideration in attracting members of the legal profession to the bench, nor indeed should it be, nonetheless the salaries provided must not deter the very people we wish to be appointed—top lawyers in leading law firms in our larger centres of population, and the rising stars of the profession, younger men and women who do not have the fallback of substantial personal savings.

The minimum criterion for appointment at the federal level is ten years at the bar. However, very few judges are appointed with this minimum qualification. Most are more senior, and by reason of their seniority are earning substantial sums from the practice of their profession. In order to attract men and women of experience and ability, judicial salaries must be set at levels which are reasonably attractive to a profession that historically has enjoyed high incomes.

Judicial salaries must also be regularly reviewed so that they do not fall behind other senior public sector salaries. The salaries provided to the judiciary have tended in the past to slip in a very short period of time, a result which has been disheartening to men and women who have a difficult job and do it well. The salaries proposed in Bill C-78 are considered by the government to be appropriate to the stature and dignity of the office and to current economic conditions as well.

In addition to salaries, a number of judicial allowances will be adjusted by this bill. The first of these is the representational allowance, which is provided to senior members of the judiciary, mainly chief justices, to help defray the expenses of hospitality and travel incurred on behalf of their courts. This allowance will be doubled from its present limits. The benefits of the allowance will also be extended to the spouses of judges entitled to the allowance, in order to permit reimbursement of expenses incurred by them or on their behalf in attending functions of an official nature with the Chief Justice.

As well, the conference allowance will be increased, as was recommended by the 1983 commission, from its present aggregate of $350 per judge on the court and $3,000 minimum per court to $500 per judge and $5,000 minimum per court. These increases are in response to increased travel costs since the allowance was last adjusted in 1980.

The removal allowance will be extended to retiring judges of the supreme courts of the Yukon and of the Northwest Territories, and to the surviving spouses and children of such judges who die in office, in order to permit their relocation to one of the provinces. The allowance will be available only in circumstances where the judge was appointed to one of the northern courts from a province. It was felt appropriate to extend this allowance in recognition of the special circumstances which exist in the north. Although we have been fortunate not to have been faced with any of the circumstances foreseen by these amendments, the government felt that these contingencies should be provided for.

In conclusion, honourable senators, Bill C-78 effects adjustments in the remuneration and benefits of some of our most important public officials. The amendments contained in this bill reflect recognition of the importance of the duties and responsibilities which the incumbents of those offices are required to perform, and the need to compensate them adequately for the increasingly onerous tasks which they undertake on our behalf.

Honourable senators, I know that the Standing Senate Committee on Legal and Constitutional Affairs will be meeting on Tuesday next at 6 o'clock in the evening to hear the Minister of Justice with respect to several bills, including this one, should the reference be made. I urge honourable senators to support this bill.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I rise to speak to Bill C-78, first with regard to the provisions that deal with increases in the remuneration of the Governor General and of the Lieutenant Governors. I support and echo exactly what Senator Nurgitz has said—that this is, perhaps, an example of something that is too late and too little, but it is better than nothing. If ever there has been a case of suitable catching up, it would particularly apply to the salaries of the Governors General. As Senator Nurgitz has said, we realize that this salary, which is now being increased, has been around virtually since Confederation. I do not think that that can be said of any other public or, perhaps, private salary—certainly not the private salary pertaining to anyone now living.

Honourable senators, we support this bill. I agree with Senator Nurgitz that the role of the Governor General and that of the Lieutenant Governor has always been important. Historically, it has been a treasured part of our heritage. When we consider how these traditional roles have been fulfilled and that additional duties have now been imposed on the Lieutenant Governors and on the Governors General, we

must also feel like apologizing for this raise being as small as it is. As we have said, however, better half a loaf than none.

I know that many of us associate various times in our lives with those people who served as Governors General. I do not want to leave anyone out, but the name that first comes to my mind is that of Lord Tweedsmuir, who was Governor General when I first became aware of Governors General. I also think of Viscount Alexander, and also, of course, our first Canadian Governor General.

Senator Doody: Viscount Alexander was *our* first.

• (1450)

Senator Frith: As Senator Doody points out, for Newfoundland Viscount Alexander was the first Governor General. Our first Canadian Governor General was Vincent Massey, followed by Georges Vanier, Roland Michener and Jules Léger. These are really quite glamorous names to all of us, as they should be.

Senator Phillips: Were you around when Earl Grey was Governor General?

Senator Frith: No, I was not. I still celebrate his name with the odd cup of tea, mind you. Then there was Edward Schreyer who, I believe, was the first former provincial premier appointed as Governor General. Now there is the dignified and appropriately aristocratic and even glamorous lady, Madame Jeanne Sauvé.

Speaking as an Ontario senator, I should not let the opportunity pass to extend my congratulations to our newly appointed Lieutenant Governor, who, I believe, is the first black Lieutenant Governor in Canadian history just as Madame Sauvé is our first woman Governor General. I know that honourable senators join me in congratulating him, for to some of you he is a former colleague, Lincoln Alexander.

We support enthusiastically that portion of this bill which deals with the salaries of the Governor General and the Lieutenant Governors.

I can say that we bring the same enthusiasm to our support for those portions of the bill that deal with the salaries of judges. I want to take this occasion to say something about the rule of law. There is a difference, of course, between a rule of law and the rule of law. A rule of law is a legal rule applying to a particular matter. The rule of law is sometimes misunderstood as being the rule of lawyers and many non-lawyers misunderstand the prime importance of the rule of law. It seems to me that one thing that we have done in Canada is adopt, to some extent, the American use of the English language and also the tendency to hyperbole and the tendency to add a string of hyperbolic adjectives to every noun that we want to underline.

Senator Roblin: Not around here.

Senator Frith: I will pick us up on it, and here I include myself, when I next hear it done. In any event, the rule of law is a rule of asbolutely prime importance to every citizen, and I do not say that in any hyperbolic sense. It is our bulwark and the mighty shield of every citizen against tyranny.

[Senator Frith.]

The *Oxford Companion To Law* says this about the rule of law:

> A concept of the utmost importance but having no defined, nor readily definable, content. It implies the subordination of all authorities, legislative, executive, judicial, and other to certain principles which would generally be accepted as characteristic of law, such as the ideas of the fundamental principles of justice, moral principles, fairness and due process. It implies respect for the supreme value and dignity of the individual.
>
> In any legal system it implies limitations on legislative power, safeguards against abuse of executive power, adequate and equal opportunities of access to legal advice and assistance and protection, proper protection of individual and group rights and liberties, and equality before the law.

Skipping a couple of lines dealing with international law, I continue:

> It means more than that the government maintains and enforces law and order, but that the government is, itself, subject to rules of law and cannot itself disregard the law or remake it to suit itself.
>
> It probably originated in mediaeval time in the belief that the law, whether of God or of man, ought to rule the world. One development of this was the idea that certain fundamental laws are unalterable by even the government, an idea itself connected with ideas of natural law.
>
> In England, as a result of the constitutional struggles of the seventeenth century, in which Parliament and the common lawyers were victorious, the supremacy of the law came to mean the supremacy of Parliament. But this involves that Parliament can, at any time, and even retrospectively, alter the law to suit its purpose, or to absolve its misdeeds, or can overrule or reverse judicial decisions. Parliament is above the law, and the executive, the Cabinet, so long as it can carry a majority in the House of Commons, is in control of Parliament.

That was so in Canada until the passage of the Charter of Rights and Freedoms. So long as any Parliament or any legislative assembly was within its constitutional powers, that is, its legislative powers, powers to make laws on certain subjects, it was supreme.

As Senator Nurgitz pointed out, that has changed in Canada since the passage of the Charter and that, in turn, has meant an important addition to the work of our judges and an important addition to the shield that I mentioned against tyranny.

To continue with the quote:

> A.V. Dicey, in his *Introduction of the Study of the Law of the Constitution* (1885), reached the conclusion that the phrase had three meanings—

I am only going to refer to the first—

> —in the England of his day, namely, that no man could be made to suffer punishment or to pay damages for any

> conduct not definitely forbidden by law, that every man's legal rights or liabilities were almost invariably determined by the ordinary courts of the realm, and that each man's individual rights are far less the result of the constitution of the United Kingdom than the basis on which the constitution is founded.

If, as I believe, the rule of law is the most important—assuming we have to pick one—safeguard of our freedoms, then we must understand also that such a rule of law is of no use without independent, able, qualified and devoted judges to see that it is given effect because, of course, the rule of law applies even in Russia, that is to say, there is a constitution. The definition I gave of the rule of law from the *Oxford Companion to Law* would apply to the Russian Constitution and to Russian laws as it would to many other legal systems that we do not support. The citizens of those countries, our brother and sister human beings, do not enjoy the same rights as we have although, in fact, the rule of law exists. The question then becomes: Is the rule of law enforced by an independent judiciary?

Of course it is, in our country, and the legislation before us now is legislation to pay appropriate salaries for the work that they do. But, more importantly, it is not simply payment for what is done by them, not just a *quid pro quo* in terms of the efforts and hours they put in, but in terms of the absolutely vital role that they play, and not in some abstract sense, for each individual citizen. As Senator Nurgitz has said, most of them do not go to the bench independently wealthy. When he mentioned that, I could not avoid remembering the first lines of the judge's song in Gilbert and Sullivan's "Trial by Jury" when the judge is describing—

• (1500)

Senator Nurgitz: Say it; please don't sing it.

Senator Frith: How do you know, you have not heard how I sound when I sing.

Senator Roblin: "When I was a lad I served a term . . ."

Senator Frith: No, you are referring to the Admiral in "HMS Pinafore." Remember how he became the admiral? But the judge's character sang:

> When I, good friends, was called to the bar,
> I'd an appetite fresh and hearty,
> But I was, as many young barristers are,
> An impecunious party.
> I'd a swallow-tail coat of a beautiful blue—
> A brief which I bought of a booby—
> A couple of shirts and a collar or two,
> And a ring that looked like a ruby!

You will remember that the young impecunious barrister finally became the judge whose reputation many tried to disparage but in the end was ready to try a breach of promise of marriage, which was the subject matter.

Senator Roblin: You had better not tell us how he got to be a judge. That is another story.

Senator Frith: The song goes:

> So, I fell in love with a rich attorney's
> Elderly, ugly daughter.

The attorney said to him:

> "And a very nice girl you'll find her!
> She may very well pass for forty-three
> In the dusk, with a light behind her!"

Now then to the legislation.

Senator Roblin: Can you sing?

Senator Frith: You could talk me into it, but I would rather not. I have practised before the Ontario bar, the Federal Court and the Supreme Court and I can say, by personal experience and by conviction, having in mind the principles to which I have referred, that I believe that our judges are required to play an important role, and do play an important role. Therefore, we support this legislation and commend the government for introducing it. We hope to see it receive speedy passage here.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

CANADA DEVELOPMENT CORPORATION REORGANIZATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. William M. Kelly moved the second reading of Bill C-66, respecting the reorganization of the Canada Development Corporation.

He said: Honourable senators, as usual it seems to me that on those occasions that I get an assignment to speak in this chamber I have to follow one of the greatest orators of this chamber, Senator Frith, so I cannot promise—

Senator Frith: If I am one of the greatest, we are in bad shape.

Senator Kelly: Nonetheless, I shall do my best. Bill C-66 represents a key element of the implementation of the government's policy, announced in the May budget, of privatizing government investments that no longer serve a clear public policy objective. It will authorize the sale of the remainder of the Crown's shares in the Canada Development Corporation, CDC. There seems to be substantial agreement that the Canada Development Corporation belongs in the private sector operating on an equal footing with other private sector companies. CDC should be able to operate fully as a private sector institution. It should have every opportunity to grow and flourish as a broadly-based Canadian company offering sound investment opportunities to Canadians. It should be freed from artificial constraints and should be able to respond quickly and efficiently to the demands of the marketplace. The bill before us today is intended to accommodate these objectives.

Honourable senators, if you will allow me, I would like to delve into just a bit of history by way of explaining the bill before us today. The Trudeau government created the CDC in 1971 for a host of objectives. Some would say that many of the objectives were contradictory and ill-conceived, but that is behind us now. When the CDC was established it was the government's stated intention that it would be operated essentially as a commercial operation and would be quickly transformed into a corporation, widely-held by Canadian investors with the government's share of ownership eroding to a minimum of 10 per cent. For that reason, the Trudeau government put several restrictions on the CDC Act, limiting eligible shareholders to resident Canadians, restricting to 3 per cent the total holdings of CDC shares by any individual or associated group, and a requirement that the federal government hold at least 10 per cent of the shares. The original CDC Act also gave the CDC a number of privileges and immunities in order to attract investors and to get the corporation off to a good start.

In the intervening years, the Liberal government seemed ambivalent as to whether the CDC was to operate commercially or as a vehicle of public policy, whether it was to operate independently under the control and direction of its board of directors or under government control. The disputes that arose a few years ago over the Massey-Ferguson rescue and the appointment of Maurice Strong as board chairman were only the latest incidents in a long tug-of-war between the government and the CDC over its independence and mandate. During this period, the CDC did manage to bring down the government level of participation to just below 50 per cent. But continuing uncertainty over the CDC's role dampened the market for CDC stock. Furthermore, the privileges given to the CDC, both by its act and by virtue of government ownership, were important factors in encouraging CDC management to push to the absolute limit the CDC's managerial and financial capabilities through an aggressive acquisition policy. As a consequence, during the recent recession the CDC's performance suffered, further depressing the market for its shares and delaying further privatization.

Honourable senators, I was privileged to be the co-chairman of a task force that reviewed federal crown corporations to help the Progressive Conservative Party prepare its policies and strategies before taking power last year. In our report we reviewed the CDC, its history and current situation and recommended that the government divest itself of its remaining shares as soon as market conditions allowed. On coming to power last year, the government decided that the best interests of the CDC and its public shareholders would be met if the government were to significantly reduce its shareholding and send a strong signal to current and prospective investors that the government intended to sell all of its shares as soon as possible. Before doing so, however, it was necessary to change some of the policies and restrictions that applied to the CDC. To increase the marketability of CDC shares and in line with the government's general policies and philosophies on foreign investment and trade enhancement, a decision was made to raise the restriction on foreign ownership. The special status applicable to the CDC was also to be removed. Each of these actions would, however, require amendment of the CDC Act.

The government appointed two eminent investment dealers chosen from among a much larger group who had been involved in the discussions. They selected Burns Fry and Gordon Capital to advise on the disposition. Their advice, based on market considerations, was that the disposition should occur sooner rather than later and that there was insufficient time to await parliamentary review of the necessary amendments. Accordingly, in the period August 21 to September 6 this year, the CDC undertook a rights issue for investors to buy all but 11.8 per cent of the government CDC shares. In order to purchase each right, investors paid $5.75 or half the full purchase price. With passage of this legislation, investors may present their rights, pay the remainder owed and obtain their shares and the votes going with them.

• (1510)

Honourable senators, I feel that at this point I should make a brief parenthetic remark about this particular process. As someone who is committed to the supremacy of Parliament, I at first felt some unease about this rights issue proceeding before Parliament had had the opportunity to review and pass the enabling legislation. On the other hand, the government's financial advisers counselled against delay. Furthermore, I must emphasize that the government undertook a rights issue. CDC shares will not change hands until this legislation is passed. Should the bill not be passed or should it be amended in a material way, the holders of rights can obtain a refund for the payment, plus interest accrued at 10 per cent per annum.

In any event, the rights issue was fully subscribed. In my opinion, it was an excellent transaction. When the conversion of rights issue into shares is completed, after the coming into force of this bill, the sale will net $250 million for the consolidated revenue fund and, equally important, may be a very clear manifestation of this government's intention to return private sector activities to the private sector. As market conditions allow, the government intends to divest itself of its remaining 11.8 per cent of the CDC's shares.

Briefly and simply, therefore, the bill before us now seeks to accomplish the following:

> Complete removal of the government's 10 per cent minimum share ownership requirement and authority for the minister to dispose of the government's residual shares;
>
> Increase the foreign ownership restriction from 0 to 25 per cent, with no individual non-Canadian shareholder being able to hold more than 10 per cent. This recognizes that the CDC operates in a world market and does require access to foreign capital;
>
> Raise the maximum level of shares that may be held by individual Canadians or individual Canadian firms to 25 per cent. In establishing the level at 25 per cent, the government followed the precedent and the parallel enforcement provisions established in the Bank Act.

Incidentally, honourable senators, this 25 per cent ceiling also provides the attraction of allowing investors of 20 per cent or more to equity account the investment in their own books. On the other hand, the 25 per cent maximum precludes any one firm or individual from obtaining clear or majority voting control of the CDC, thereby guarding against increased corporate concentration.

Otherwise, Bill C-66 authorizes the minister to continue the CDC as a public company under the Canada Business Corporations Act. Under company law, therefore, the CDC will move from being a "special act" company—that is, a company established by Parliament—to a normal business corporation. It will be, therefore, on a par with similar Canadian commercial activities.

Honourable senators, it would not be prudent, nor would it be fair to current shareholders, to thrust CDC completely and immediately into the harsh realities of the private marketplace. Accordingly, Bill C-66 includes a number of "transition" items. In other words, provisions designed to phase the CDC out of—or as some might say, wean the CDC away from—the special status it currently has. These transitional measures include:

> Maintaining the current status as "legal for life" for CDC shares, until April 30, 1989. This means that pension funds, insurance, trust and loan companies may continue to buy CDC shares as routine investments;
>
> Allowing the government, in lieu of voting its shares, to appoint up to five CDC directors for two years, or until the government's investment falls below 10 per cent;
>
> Fixing the number of directors of the CDC board at a minimum of 18 and a maximum of 21 for two years or until the government's shareholding erodes below 10 per cent.

Honourable senators, this bill is long overdue. It represents in many ways the stated policy of the previous government. It represents a major step in this government's privatization process. It will be to the significant benefit of the CDC, and to its current 55,000 shareholders and to its future shareholders. It will remove from the government any formal or implicit responsibility for the future actions and operations of the company.

As well, in a sense, Bill C-66 marks the end of an era. In the late 1970s and early 1980s, the previous government set up a number of mixed enterprises: Corporations in which the government and the private sector were joint investors and partners. Some, such as Telesat Canada, are still around. However, experience with mixed enterprises has not been particularly encouraging. In spite of hopes to the contrary, mixed enterprises have not worked particularly well in this country. Governments found that they were held accountable for a corporation's performance and actions, even though they did not, or could not, exercise control over those actions. Government often found the temptation to intervene too strong, thereby incurring the wrath of management and the suspicion of the private investor. Perhaps the problem lay not with the mixed enterprise model, but with the way in which the corporations were handled by the government. In any event, as the Auditor General has noted in his last annual report to Parliament, the experience should be instructive as we embark on the privatization of some crown corporations that may result in the creation, at least for a time, of a new series of "mixed enterprises".

Honourable senators, that concludes my introductory remarks. Bill C-66, an act respecting the reorganization of the Canada Development Corporation, proceeded through the other place unamended. Senator Sinclair has assured me that he has very little comment to offer on the whole matter and supports it totally, and therefore I urge a speedy passage in this place.

Hon. Ian Sinclair: Would Senator Kelly, the sponsor of this bill, permit a question at this time?

Senator Kelly: Yes, I will.

Senator Sinclair: Honourable senators, I understood Senator Kelly to say that the financial advisers urged the government to proceed at this time because of market conditions. He then went on to say that, for that reason, they used an issue of rights rather than an issue of government shares. He went on to say that the result of this would be to bring into the government for those shares some $250 million.

My question is this: Is it the position of Senator Kelly that the pricing of those rights and the value of those shares was in accordance with market conditions?

Senator Kelly: I think my simple answer to that, honourable senators, would be "yes".

Senator Sinclair: Is it the intention of the sponsor of this bill to deal with any other inquiries into the valuation of these shares in his discussions, as he said in his preliminary remarks?

Senator Kelly: Honourable senators, I would be quite prepared to do that. I might point out that the market for these shares, shortly prior to this issue on August 21, 1985, was $11.25. The price set was a slight premium over $11.25. However, I would be quite prepared to elaborate, perhaps at some future time.

Senator Sinclair: I have one other question. I might say that I am putting these questions to Senator Kelly at this time in an attempt to shorten what might happen at another time. My question is: In your remarks, you said that one of the purposes of the legislation was to prohibit further concentration. I take it that that is a purpose of this legislation and that, if there were any way in which that could be improved, you would support that. Am I correct in that assumption?

Senator Kelly: Honourable senators, I want to be very careful in how I answer this question. Certainly, my sense of this government is that it has not in any way moved in the direction of serious concentration. However, I think it is recognizing that to have a responsible shareholder at the 25 per cent level can be quite beneficial in terms of monitoring what management does with the corporation. I recognize the

concern, because it has been expressed on the question of the interpretation of "association." In other words, an associate only becomes an associate in excess of 50 per cent. I believe that is one of the matters of concern to Senator Sinclair. I draw Senator Sinclair's attention to clause 5(a) and hope that the senator would take that into account in his concern regarding the possibility of concentration occurring under the rules set out in Bill C-66 and recognize that, with not too much more juggling, whether 50 per cent, 25 per cent or 10 per cent, as it is in certain other acts, concentration can occur if it is not carefully watched for. I believe the clause I refer to may help him in that consideration.

• (1520)

On motion of Senator Sinclair, for Senator Godfrey, debate adjourned.

SEEDS ACT
CANADA GRAIN ACT

BILL TO AMEND—SECOND READING

On the order.

Resuming the debate on the motion of the Honourable Senator Balfour, second by the Honourable Senator Bélisle, for the second reading of the Bill C-64, intituled: "An Act to amend the Seeds Act and the Canada Grain Act".—(*Honourable Senator Steuart (Prince Albert-Duck Lake)*).

Hon. D. G. Steuart (Prince Albert-Duck Lake): Honourable senators, my remarks on this particular bill will be rather short and, I hope, to the point.

Bill C-64, to amend the Seeds Act and the Canada Grain Act, was outlined by Senator Balfour in a clear and concise manner. The idea of amending this act was conceived many years ago. It is more than 25 years since the act has been changed. During that time, as Senator Balfour pointed out, this particular industry has more than doubled; it has probably tripled. It now amounts to something like $385 million a year in both the domestic and the foreign markets.

What has grown up during that time requires change. Many so-called seed growers in this country and abroad have begun to grow seed and name them in an attempt to imitate the job done by the legitimate seed growers in this country, to the detriment not only of the seed growers who invested a great deal of time and money, but also to the detriment of Canadian farmers and the reputation of Canada as a seed grower, in domestic and foreign markets.

This bill seriously increases the penalities for this sort of behaviour and, we, on both sides of this chamber, hope that it will put an end to these imitations and this kind of action.

I have checked with members on this side of the chamber who are involved with and concerned about the agricultural industry, and I think I can say, without fear of contradiction, that, generally, we support these particular amendments.

The only caution I might voice is that while a great deal of the power in this bill is given to the Seed Growers' Association—and I think that is a good thing because they know more about it than anyone else—there has been a tendency on their part at times to be a little zealous in the prosecution of some people who have, quite legitimately, attempted to sell seed grains, mostly in Canada and, possibly, abroad, calling them by their names. For example, registered seed growers will develop a wheat such as Neepawa and some of the farmers will buy that seed green and grow it and then attempt to advertise it, not as a registered seed, but as, in fact, Neepawa wheat. The seed growers in their over-zealousness have prosecuted those people.

I suppose, in the final analysis, the whole point of growing registered seed and developing new strains of seed, which has been very successful in Canada, is to spread that seed across Canada and throughout the world so that we can improve the kinds of grains we can grow, especially in Canada, and have greater yields of more improved varieties across Canada.

I hope that the government, when this bill is passed, will watch closely to see that the power we are giving to the Seed Growers' Association is not abused. It has not been abused too much in the past, but there has been a tendency in that direction.

With those few remarks, I point out that I think this bill is timely. I am sure we, on this side, support it, and I do not think it is necessary to refer it to committee. If it is the desire of the majority of senators here, we could pass this bill as it is.

I add only one caveat which is that the government should police the powers that it is giving to an independent agent like the Seed Growers' Association.

Hon. Senators: Hear, hear.

Hon. R. James Balfour: Honourable senators—

The Hon. the Acting Speaker: I wish to inform honourable senators that if the Honourable Senator Balfour speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Balfour: I close the debate.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. R. James Balfour, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

CUSTOMS BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Balfour, seconded by the Honourable Senator Bélisle, for the second reading of the Bill C-59 intituled:

"An Act respecting Customs".—(*Honourable Senator Neiman*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have been asked to stand that order in Senator Barrow's name. He will deal with it next week.

Order stands in name of Senator Barrow.

PARLIAMENT BUILDINGS

CENTRE BLOCK—REMOVAL OF PORTRAITS OF BRITISH PRIME MINISTERS—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Hicks, calling the attention of the Senate to the removal of the portraits of former British Prime Ministers from the sixth floor of the Centre Block of the Parliament Buildings.—(*Honourable Senator Hicks*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Hicks has asked me to stand this order in Senator Walker's name because if Senator Hicks speaks on it now it will have the effect of closing the debate. Apparently, Senator Walker wishes to speak before that occurs. Therefore, I would ask that the order stand in Senator Walker's name.

Order stands in name of Senator Walker.

IMMIGRATION ACT, 1976

MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-55 WITHDRAWN

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Phillips that the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the subject-matter of the Bill C-55, intituled: "An Act to amend the Immigration Act, 1976", in advance of the said Bill coming before the Senate or any matter relating thereto.—(*Honourable Senator Frith*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, Bill C-55 had already been referred to that committee. Whether it is in good order to withdraw the motion at this time or whether we will refer it again, as a matter of formal procedure, is really of no consequence to me and I will agree with whichever procedure is more convenient to the chamber.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I feel the same way as Senator Doody does. Let us make it clear that we hope it is pre-studied by the committee in whatever way the chamber deems appropriate.

I think that probably the best procedure to follow at this moment is to withdraw the motion and remind the chairman that it has already been referred to that committee.

The Hon. the Acting Speaker: Honourable senators, is it agreed that the motion be withdrawn?

Hon. Senators: Agreed.

Motion withdrawn.

CONSTITUTION ACT, 1867
ELECTORAL BOUNDARIES READJUSTMENT ACT

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-74

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Phillips:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine the subject-matter of the Bill C-74, intituled: "An Act to amend the Constitution Act, 1867 and the Electoral Boundaries Readjustment Act and to provide for certain matters in relation to the 1981 decennial census", in advance of the said Bill coming before the Senate or any matter relating thereto.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we support this motion.

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

Hon. Senators: Agreed.

Motion agreed to.

FAMILY ALLOWANCES ACT, 1973

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-70

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Phillips:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the subject-matter of the Bill C-70, intituled: "An Act to amend the Family Allowances Act, 1973", in advance of the said Bill coming before the Senate or any matter relating thereto.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, this is one of the motions that we discussed. We support this motion also.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until Tuesday, December 3, 1985, at 2 p.m.

APPENDIX "A"

(*See p. 1535*)

STANDING SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT ON THE SUBJECT MATTER OF BILL C-47

THURSDAY, November 28, 1985

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

EIGHTH REPORT

Your Committee, to which was referred the subject-matter of Bill C-47, intituled: "An Act respecting divorce and corollary relief", in advance of the said Bill coming before the Senate, or any matter relating thereto, has, in obedience to the Order of Reference of Wednesday, June 12, 1985, examined the said subject-matter and now reports as follows:

In its study, the Committee has taken cognizance of amendments to the Bill effected in the Standing Committee on Justice and Legal Affairs of the House of Commons. This Committee supports and commends many of those amendments, particularly those which have responded to concerns expressed as to the rights of non-custodial parents in relation to children of marriages that have broken down.

i) Clause 3 — Jurisdiction

This clause would require at least one year's ordinary residence in a particular province by a spouse before a court could have jurisdiction to hear and determine a divorce proceeding. Ideally, mere residence anywhere in Canada for a year would be preferable; but the Committee recognizes the practical difficulties of "forum-shopping"; or of the problems associated with a person having to prove a substantial connection with a particular jurisdiction. A preferable solution would be a requirement of residence in a province for at least six months. This would give more recognition to Canadians' mobility, while at the same time requiring some commitment to the jurisdiction in issue.

ii) Clause 8 — Grounds for divorce

A majority of the Committee was disposed to agree with those witnesses who contended that the "fault" grounds should be deleted from clause 8, and that marriage breakdown based on one year's separation should be the sole ground for divorce. The Committee notes, however, that the Bill as reported to the House of Commons continues to include adultery and cruelty as matters which can establish marriage breakdown, and thus entitle an applicant to an immediate dissolution of marriage. As a suggested solution, the Committee recommends that clause 8 should be amended to allow an application for divorce based on adultery or cruelty only if the spouses have lived separate and apart for less than one year. If the separation exceeds one year, only separation could be relied on to establish marriage breakdown.

iii) Clause 11 — Barring or delaying divorce

Paragraph (b) of sub-clause 11(1) would allow a court to stay the granting of a divorce if reasonable arrangements have not been, but can be made for the support of a child of the marriage; and to dismiss an application for a divorce if arrangements for such support cannot be made. The Committee does not understand why there should be an absolute bar to a divorce in these latter circumstances. This seems contrary to the intent and spirit of the Act, and we recommend the deletion of such an absolute bar. The Committee also feels that analogous protection should be given in respect of spouses. There should be no absolute bar to a divorce; but the court should have a discretion to delay the granting of a divorce to encourage certain arrangements to be made, such as the assignment of pension benefits to older, dependent spouses, or to preserve a spouse's right to apply under provincial legislation for division of property. This would be a discretion that is rarely used; but it should be available to avoid hardship arising from some divorces.

iv) Clause 16 — Custody orders

The Committee has a concern with the specific wording of sub-clause 16(7), which was added in the House Committee to allow the court to order an ex-spouse having custody of a child to give notice to the other ex-spouse of plans to change the residence of that child. As drafted, sub-clause (7) could be interpreted as only allowing the court to make such an order where the custodial parent intends to change the child's residence at the time custody is granted, and not thereafter. Undoubtedly, this is not intended; and it may very well be that a court would refuse to interpret the sub-clause in this way. But, as legislators, we should ensure that no ambiguity remains. Accordingly, sub-clause 16(7) should be amended to make it absolutely clear that courts have jurisdiction when the intention to change the child's residence is formed at any time after custody is granted.

v) Clause 17 — Variation of support orders

Sub-clause 17(4) allows for the variation of support orders, based on a change "in the condition, means, needs or other circumstances of either former spouse". The Bill also explicitly sets out the power of courts to make "term" support orders. There is a concern, where a term order is predicated on the attainment of certain objectives by the payee spouse, or on the happening of a specified event, that sub-clause 17(4) is not

broad enough to accommodate variation orders where those objectives have not been attained, or that event has not taken place. It refers to a change in the former spouse's "circumstances". It may be that in this could be interpreted as having no application to matters independent of the person's immediate circumstances; that where her circumstances have stayed the same in relation to the order's objective, the spouse could not secure a variation order, even where a need persists that is related to the marriage. Sub-clause 17(4) should be amended to remove any doubt on this matter.

vi) Clause 26 — Regulations

With respect to clause 26, the Committee agrees with the concern raised by the Joint Committee on Regulations and other Statutory Instruments that it does not provide a sufficiently explicit basis for regulations which establish the Central Divorce Registry. This Committee thus recommends that clause 26 be amended to provide express authority for the making of regulations: establishing the registry; prescribing the duties of persons engaged or employed in its administration; and prescribing the information to be supplied by officers of the court in relation to proceedings under the legislation. This Committee also agrees with the opinion of the Chairmen of the Joint Committee as expressed to the Minister, that the closing words of clause 26 are too broad. Those words give to the Governor in Council the power to make such regulations as he "considers necessary to assure uniformity in the rules made pursuant to section 25." The underlined words render the regulation making power exercisable on the subjective test of what the Governor in Council considers necessary. Hence, the courts would be prevented from passing on the issue of whether the regulations do validly seek to assure uniformity. The Committee recommends that the clause be amended so that it merely allows the regulations to be made to assure uniformity, without reference to a subjective assessment of necessity.

Respectfully submitted,

JOAN B. NEIMAN,
Chairman.

APPENDIX "B"

(*See p. 1535*)

STANDING SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT ON THE SUBJECT MATTER OF BILL C-48

THURSDAY, November 28, 1985

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

NINTH REPORT

Your Committee, to which was referred the subject-matter of Bill C-48, intituled: "An Act to provide for the release of information that may assist in locating defaulting spouses and other persons and to permit, for the enforcement of support orders and support provisions, the garnishment and attachment of certain moneys payable by Her Majesty in right of Canada", in advance of the said Bill coming before the Senate, or any matter relating thereto, has, in obedience to the Order of Reference of Wednesday, June 12, 1985, examined the said subject-matter, and now reports as follows:

In its study, the Committee has taken cognizance of amendments to the Bill effected in the Standing Committee on Justice and Legal Affairs of the House of Commons. This Committee fully supports and commends many of those amendments.

The Committee does not wish to comment on any particular provision of Bill C-48. We do note with interest the concerns expressed as to the Bill by the Privacy Commissioner, in particular his speculation as to whether it constitutes a first step in a gradual dilution of federal privacy legislation in pursuit of a "good cause". This is an important issue, and one which should not be minimized or dismissed lightly. Parliament should take care to ensure that the confidentiality of government-collected information is not reduced without compelling reasons, and only to the extent that is absolutely necessary. We are confident, however, that Bill C-48 meets both of these criteria. The problems of default in the payment of support, and of abduction of children by parents in defiance of court orders or custody agreements are significant and compelling. Not only is great suffering caused, but there are undeniable social and economic costs involved. Persons who unjustifiably defy the law in this area should be considered to have forfeited, to a degree, a right to complete privacy. In our opinion, Part I of the Bill, which deals with the release of information is properly limited in scope so as to be an appropriate response to these problems; and Part II, which allows for the garnishment of federal monies by persons to whom support is owed, is also a reasonable response.

This being said, the Committee does wish to make further comment as to two aspects of the Bill. First, the full scope of its application is not yet known. The manner in which it will operate attends upon the conclusion of agreements with the provinces which will govern procedures concerning the search for and release of information, including safeguards for protection against unauthorized release or use of that information. While the Committee has been given a general idea of the probable contents of such agreements, until they are concluded it is not possible to know definitively how Part I will be administered.

The second issue has to do with another submission by the Privacy Commissioner. He has speculated as to whether the release of information provisions will really provide useful information to those who wish to enforce support and custody provisions. As a practical matter, the limited nature of the information released may not, in his opinion, be of much use.

In light of these issues the Committee feels that it would be appropriate for Parliament to play a continuing role in evaluating the operation of Bill C-48. One suggestion is that it be arranged that all agreements concluded under the Act be referred for study to a committee of either or both Houses of Parliament, and that that committee or those committees be empowered to report as to the suitability of those agreements, both in furthering the aims of the legislation and in protecting privacy. Similarly, the Committee suggests that the Bill should be amended to provide for a full evaluation of the legislation by a Parliamentary Committee, which would also be empowered to report to Parliament with any recommendations for amendment or other improvements. One matter the Committee would consider is whether the legislation in fact is providing practical assistance to those seeking to enforce a custody or support provisions. If not, there could be a strong argument made that even the minimal invasion of privacy embodied by Part I of the Bill is not justified.

A final concern has to do with the effect Part I of the Bill may have on the manner in which information is held within the federal government. The Privacy Commissioner has raised questions as to the degree to which there may be interdepartmental sharing or cross-referencing of information which is "freed-up" by an authorization under Bill C-48. The Committee is unsure as to the full implications of such developments, should they come to pass. We recommend, if the Privacy Commissioner does not already have jurisdiction to monitor the effect of Bill C-48 within the federal government, that he be given such a power explicitly.

Respectfully submitted,

JOAN B. NEIMAN,
Chairman.

THE SENATE

Tuesday, December 3, 1985

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

Prayers.

REGISTER OF SENATORS' INTERESTS

CONSIDERATION BY STANDING RULES AND ORDERS COMMITTEE OF RELATED MATTERS—NOTICE OF MOTION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I give notice that on Wednesday next, December 4, 1985, I will move:

That the Standing Committee on Standing Rules and Orders consider matters related to the establishment of a Register of Senators' Interests, and report on these and any other matters relating to registration of Senators' interests, including the form and content of such a Register, considering among other matters relating to the registration of Senators' interests, the following:

(a) remunerated directorships of companies, public or private;

(b) other remunerated positions or offices;

(c) remunerated trades, professions or vocations;

(d) the names of clients when the interests referred to above include personal services by the Senator which arise out of or are related in any manner to his or her membership in the Senate;

(e) any payments or any material benefits or advantages received from or on behalf of foreign Governments, organizations or persons;

(f) land and property of substantial value or from which a substantial income is derived; and

(g) the names of companies or other bodies in which the Senator has, to his or her knowledge, either himself or herself or with or on behalf of his or her spouse or dependents, any beneficial interest including, among others, shareholdings of a nominal value greater than one-hundredth of the total capital assets of the company or other body.

QUESTION PERIOD

[*English*]

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—PARTICIPATION OF PROVINCES

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wonder if the Leader of the Government could help us with respect to the conclusion that emerged from the First Ministers' Conference on the subject of trade negotiations. Can the Leader of the Government shed any light on the matter of the right of the provinces to participate in the formulation of the mandate for the trade negotiations or, to put it more generally, the right of the provinces to participate in the trade negotiations?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think we have to be very careful about our use of language here because it is quite easy to get tripped up on terminology, and I hope I may avoid that. I believe there is no question about the right of the provinces to participate in the consultations that lead up to the trade negotiations. The question is whether that right also includes direction, and I think not. I think that participation means consultation in every respect. It is premature for me to attempt to define this any more precisely because the statement made by the ministers at Halifax made it quite clear that while they had agreed on certain phrases respecting the federal-provincial relationship, within the next 90 days they were going to deal with the way in which those phrases would be embodied in principles of action or in terms of reference. Therefore, that work has yet to be completed.

What has been done so far is to recognize the common interests of the two levels of government in this matter and to agree within a limited time frame to set down actual details as to the way in which they will be interpreted and acted upon.

Senator MacEachen: Is the Leader of the Government saying that the provinces' right of participation in the negotiations is a right of consultation alone?

Senator Roblin: I am not saying anything at all about that; I am simply saying that the question of participation in formulating our policies in the initital stages is one which we all recognize because we have already had substantial discussions with the provinces with respect to these matters.

The real nub of the question is, where do you go from here? I think that that is what my honourable friend is asking. I am saying to him that the governments have agreed that within 90 days they will settle on the terms of reference for the future.

Senator MacEachen: I understood the Secretary of State for External Affairs to say yesterday in the House of Commons that a historic step had been taken at the federal-provincial conference and that they had moved beyond what had been the practice in the past, namely, consultation and that there was now a right of participation in the negotiations. In fact, the Secretary of State for External Affairs described it as a watershed or a historic change in the policy of the federal government. What I am asking the Leader of the Government

is whether he will clarify what is meant by this right of participation. Perhaps to help him in answering, I will ask him to tell us whether representatives of the provinces will be present at the negotiations between Canada and the United States.

Senator Roblin: As I think I have said twice already, that has to be established because the communiqué issued by the ministers in Halifax makes it perfectly clear that they are going to have to resolve the precise definition of these matters within the 90-day period, and I am sure that that will be done. I do not think I can pretend to tell my friend what the outcome of those discussions will be, so he will have to wait and see.

Senator MacEachen: Therefore, the Leader of the Government is saying that at the present time it has not been agreed at the First Ministers' Conference that representatives of the provinces will be present at the actual negotiations. I ask the question because of the understanding that has been carried away from the conference by a number of premiers. For example, the Premier of Alberta stated:

> I want a firsthand reporting of it. I don't want to have someone else come out of the room and tell me what happened. I want our man there to tell me.

That, of course, is put in the form of a request, but the Premier of Newfoundland was quite categorical in saying:

> We are going to have observers at wherever those negotiations are happening . . . and we are going to know at a moment's notice all the time what is going on.

Is Premier Peckford mistaken in telling us, as he did on a national telecast a couple of days ago, that the provinces would be present in the room while the negotiations are taking place?

Senator Roblin: Each of the 11 participants at this meeting is entitled to give his own interpretation of what he thinks was established at the time. I think, however, I have to have recourse to the actual wording of the agreement that was entered into at that time in order to set forth the position of the federal government. I can read it to my honourable friend if he so wishes.

Senator MacEachen: I have read it myself, but we all know that these agreements are put in general terms; that the First Ministers did meet as a group; and that, when the meeting was concluded, the provincial premiers gave some very clear-cut statements. One was by Premier Peckford when he said that he would have representatives in the room, as other provinces would, when the negotiations were taking place between Canada and the United States.

All I am asking is: Is that to be the case? Is it undecided? Or is it unclear?

Senator Roblin: There is no reference to that whatsoever in the communiqué, and I really cannot go beyond that.

Senator MacEachen: Would the Leader of the Government try to find out for us whether, indeed, there was an understanding reached at the First Ministers' Conference that provincial representatives would be present in the room during the negotiations between Canada and the United States?

Senator Roblin: If I attempt to make a unilateral interpretation of this document, I believe I will be in the same box as other people who are doing the same thing. I think we have to wait until the First Ministers or their deputies meet again in order to amplify the statements contained in this document with specific content.

Senator MacEachen: I am really asking the Leader of the Government not to interpret it, but to find out from his colleagues who were in that room whether that was the decision or whether the premiers are mistaken. Something happened in that room, and the premiers are saying: "Yes, we are now entitled to be present in that room when the negotiations are taking place between Canada and the United States."

All I want to know is: Was that agreement reached, or are the premiers mistaken?

Senator Roblin: I cannot tell whether the premiers are mistaken or not in the sense that I was not in the room, but I do have in front of me a statement on which they agreed, and in that statement there was no reference to the point my friend makes.

Senator MacEachen: Will the Leader of the Government find out whether that understanding was reached and is to be the procedure?

Senator Roblin: I think that will be the subject of negotiations for the next 90 days.

Senator MacEachen: The Leader of the Government is saying that Premier Peckford and Premier Getty are mistaken; that their presence at the negotiations was not agreed to, but it will have to be negotiated; and that they, obviously, misunderstood what happened at the conference. That is my conclusion.

I should like to ask the Leader of the Government another question which is, I think, even more important, and that is: Will the instructions or the mandate for the negotiators be determined by a first ministers' conference?

It is clear that Mr. Reisman must have a mandate or, to put it another way, have detailed instructions when he goes into the negotiations. Will those instructions now be derived from a first ministers' conference as part of the historic decision taken in Halifax?

Senator Roblin: I guess I had better read the communiqué, because my honourable friend makes it necessary for me to do so.

Paragraph 2 of the communiqué reads as follows:

> The Canada-U.S. negotiations are now in their preparatory phase.

The word "preparatory," I think, is important. It goes on to state:

> During that phase, the ministers agreed to give effect, within the next 90 days, to the principles of full provincial participation through, among other things:
>
> —establishing a common basis of facts and analysis;
>
> —each province and the federal government setting out their objectives for the negotiations;

> —establishing an agreed view of the obstacles to the achievement of these objectives that may exist in the United States.

● (1410)

In the third paragraph of the communiqué it is made clear that there is a very strong possibility of holding further meetings at the level of ministers or first ministers as may be necessary to give further consideration to these matters.

Senator MacEachen: I have read the announcement that the minister has read. It refers to full participation. Yesterday, the Secretary of State for External Affairs said, "We agreed," and he uses these words, "for the first time in history, that we would move . . . toward the right of the provinces to participate in the trade negotiations." I ask whether that right includes the right of the provinces to sit down with the Prime Minister at a first ministers' conference to establish the mandate for the negotiators. I base my question on what the Premier of Saskatchewan has stated categorically and without making a request. He stated as follows:

> We've got ourselves a process, so we are all involved, all the premiers and the prime minister sit down like a huge Board of Directors and we're calling the shots together. So the Canadian public knows everything, the premiers know and we can take that decision to the negotiator and he can say, okay boy give him your best shot, come back and tell us how it's going.

Premier Devine is not the only premier to come to precisely the same conclusion. The Premier of Ontario said:

> The bottom line being that the negotiating team will take instructions from the first ministers—

I want to know whether, as has been stated by at least two premiers—and I could probably get other statements from other premiers who would say the same thing, if I wanted to take more time—the right of participation in the negotiation means that the mandate will emanate and derive from a first ministers' conference. Does the right of participation mean that?

Senator Roblin: Quotation is a selective business. If my honourable friend wishes to hear another quotation from the Premier of Ontario, I can give him this one:

> The Government of Canada must speak with one voice but must speak for all of Canada.

I am sure that we can both agree that that is a proper statement for a premier to make. As for the precise machinery by which this process of consultation will be observed, I have to come back to my point that that matter is going to be settled by the parties concerned within the next 90 days.

Senator MacEachen: Is the Leader of the Government saying that the matter has not been settled, that it is still an open question whether all of the governments will be involved in settling the mandate for the negotiations?

Senator Roblin: I cannot take any responsibility for what the various premiers are saying. The only document on which I can base my replies is that which contains what they agreed to at Halifax. I have read portions of what they agreed to at Halifax. The interpretation of that is going to be something that has to be settled among the parties in the next 90 days. We will then have the full picture.

Senator MacEachen: What the Leader of the Government is now saying is that Premier Devine and Premier Peterson are quite wrong, that it was not agreed that the mandate for the negotiating team will come from the first ministers. That is what he is saying. I am not asking him to create something new. I am asking him to tell the Senate the policy of the Government of Canada. Is it now the policy of the Government of Canada to share with all of the provinces the right to establish the mandate for the negotiating team?

Senator Roblin: I will read the third paragraph of the communiqué. My honourable friend says that he has read it, but he does not appear to have digested it.

> The ministers agreed further that this preparatory work should include the determination of how best to give effect to the principle of full provincial participation in subsequent phases of the negotiations; and that the work might be accomplished, among other ways, through holding further meetings at the level of ministers or first ministers if necessary.

That clearly indicates to me that the final determination as to how to give effect to provincial participation has not been made, regardless of what some people may say about it. It seems to be quite clear from this wording that that decision has not been made, and it may very well be that further discussions at the level of ministers, or the first ministers, may be necessary to come to a meeting of minds on that subject—which comes back to my point: These matters are still under negotiation.

Senator MacEachen: The minister has read the words "full participation" from the statement. The Secretary of State for External Affairs yesterday used the words "full participation." I ask the Leader of the Government whether there can be full participation, to which the government has already agreed, unless the provinces are permitted to share in establishing the negotiating mandate. How can there be full participation? Does it not follow inexorably that if they are to have full participation, they must participate in establishing the mandate for the negotiators?

Senator Roblin: That is not what the First Ministers said when they left the conference. What they said was that:

> —this preparatory work should include the determination of how best to give effect to the principle of full participation in subsequent phases of the negotiation;—

That is, how best to give effect to a principle. Well, that is a debatable matter, and that can be debated between them. But I think it is unreasonable to complain to me about the matter when it is the clear, express wording of the communiqué issued by the gentlemen concerned.

Senator MacEachen: Let us go beyond the communiqué. The Leader of the Government is a member of the cabinet, and it is a collective responsibility that we have here. I am

asking him, in his capacity as a member of the cabinet, if he will tell us now whether in the upcoming trade negotiations the provinces will share with the federal government the establishing of the mandate for the negotiator; and, when the negotiator requires a new mandate, will the First Ministers again be called together in a meeting? I am asking him whether that is the policy of the government. He does not have to read from a script. Is that the policy or not?

Senator Roblin: The policy of the government is to meet with the other parties to determine the modalities of this matter. It follows from that that the modalities have not yet been decided on anyone's part, so far as I am concerned. So the situation is simply this; the preparatory work will determine how best to give effect to these principles.

Senator MacEachen: I think the Leader of the Government is misreading the very words themselves. The principle, surely, is the participation in decision making, and the preparatory work is to establish how the process of decision making will be carried out, whether there will be several meetings of the First Ministers, whether it will require a majority vote of First Ministers, and how many premiers must you have on side before you can give authority to the negotiator. The Premier of British Columbia is an experienced person at the negotiating table, and the Leader of the Government is doing these premiers less than justice when he will not deal with the substance of their statement. The Premier of British Columbia has stated, "Not only will we have the right, as First Ministers, to set the mandate, but when Mr. Reisman goes to Washington and finds that he cannot get an agreement and needs new instructions, we First Ministers will sit down together and give him new instructions." Those are not modalities. Those are principles that the premiers are talking about. So, why will not the Leader of the Government take the question seriously and not try to escape it by reading from a document that has been overtaken, not only by time but by the Secretary of State for External Affairs, who was categorical in the House yesterday, and by at least six premiers. Why will he not come clean and tell us what the hell is going on.

Senator Roblin: For the simple reason that what we are talking about here is participation. We are not talking about decision making as such; we are talking about participation.

Senator MacEachen: I see.

Senator Roblin: What that means inevitably is going to be a matter of debate between the heads of government, and my honourable friend cannot expect me to lay down a policy on that matter when it is still open for discussion—because that is something that the Prime Minister is going to have to do himself.

Senator MacEachen: The Leader of the Government has said, first, that full participation in the trade negotiations does not mean decision making. So they are not going to be making decisions. They can participate, but it is not full enough to include decision making. Second, he has told us that it is not yet settled as to whether the provincial representatives will be in the room with the negotiator, and he has told us that it is not yet settled whether the First Ministers will formulate a common mandate in the issuance of instructions. In other words, on every point his answers have been at variance with the statements of very important provincial premiers. I do not think that that is a satisfactory situation for the government, for the public or for any of us. We are entering into a huge enterprise that requires support from all quarters if it is to succeed, and the government will not help us to understand what is happening and has today, through its spokesman in the Senate, contradicted the conclusions reached at that conference, particularly by the Premier of Ontario, the Premier of British Columbia, the Premier of Saskatchewan and the Premier of Newfoundland.

● (1420)

Senator Roblin: Honourable senators, my honourable friend persists in ignoring the fact that these gentlemen themselves made it quite clear at Halifax that the preparatory work should include the determination of how best to give effect to the principle of full provincial participation. They made it clear that they themselves had not decided at that time what the modalities of the matter should be, quite clear. It is open for negotiation, it is being negotiated and it will be negotiated in the next 90 days. I quite agree with my honourable friend that this is a monumental task. I quite agree with my honourable friend that it is necessary to have the widest possible Canadian consensus on what we should do, and one way to do that, I think, is to have negotiations with the provinces to determine how that can best be arrived at. That is what we are saying in these negotiations and that is the policy that I am trying to express. If my honourable friend is impatient and says that we should tell him now what will turn out in 90 days, I have to disappoint him because I cannot do it.

However, I tell him that the gentlemen concerned in Halifax understood very well, when they left the conference chamber at any rate, that this determination had yet to be arrived at, and when it is arrived at we will have the points that my honourable friend seeks to elucidate.

Senator MacEachen: Honourable senators, if it is true, as the Leader of the Government has said, that the provinces will not participate in decision making, what is to be negotiated? What is there to negotiate for 90 days if the provinces have no right to participate in the decision making which is the key point? These men are not children. They know that decisions have to be reached and that is where they want to be when the decisions are taken. The Leader of the Government has said that they are not to participate in the decision making.

Senator Roblin: The Leader of the Government has not said that. I have said that I cannot give federal confirmation at the present time to the statements made by the provincial premiers who are in the negotiating posture. I cannot do that. They have a right to say what they think and they have a right to give their interpretation. They have a right to declare their interests, and it would be odd if they did not. However, based on their own agreement, the actual definition of how these matters will turn out is to be determined by discussion and

consultation over the next 90 days. I think that that is the proper way to go.

Senator MacEachen: Honourable senators, I believe that we have established the wide uncertainty that exists in this field. I think there is a difference of opinion between the Leader of the Government and the Secretary of State for External Affairs. If honourable senators wish to read yesterday's *House of Commons Debates*, they will see that the Honourable Joe Clark stated that an historic step had been taken in giving the provinces the right to full participation in the trade negotiations. I believe that that is the understanding of the premiers. What is to be negotiated is not the principles which they think have been established, but how those principles are to be implemented. I hope that the Leader of the Government will try to take a look at all this and give us some answers, because we would simply like to know. I want to know especially whether 11 governments will instruct Mr. Reisman or one government.

Senator Roblin: My honourable friend refers to the "historic" reference by my colleague in the other house. I think that may not be an incorrect definition because, as I recall other trade negotiations, they never reached the stage of discussion on the part of First Ministers that has been developed in Halifax. Certainly, to my recollection, that represents something new. There have always been consultations with the provinces, but not at the level at which they are going on at the present time. I tell my honourable friend that, just as soon as these issues are clarified by discussion among the principals, which is the only way in which it can be done, he will be told about it.

FEDERAL-PROVINCIAL RELATIONS

HEALTH AND EDUCATION—EFFECT OF REDUCTION IN TRANSFER PAYMENTS

Hon. Stanley Haidasz: Honourable senators, I have a question on the same topic, that of the federal-provincial conference in Halifax last weekend. In view of the fact that the provincial premiers have fallen neither for the smooth rhetoric of the Prime Minister nor the tricky arithmetic of the Minister of Finance, and the fact that it is now very clear to them that, collectively, the provinces will lose $6 billion over the next five years in the financing of their health and post-secondary educational programs, I ask the Leader of the Government in the Senate why his government is being so cruel as to fight the federal deficit on the backs of the sick and of young Canadians who want to undertake post-secondary education.

Hon. Duff Roblin (Leader of the Government): I think that my honourable friend somewhat over-states his case. The fact of the matter is that in the last five years the Established Programs Financing funds made available to the provinces amounted to $65 billion. In the next five years, it will be $90 billion. That is an increase of almost 40 per cent.

The significant part, however, is to note the change in the conditions between the first period and the second. In the first period, the rate of increase was approximately 7 per cent. Now it is 5, but bear in mind that, during the first period, the rate of inflation, which affects these costs drastically, was much higher than it is at the present time. It ranged anywhere from 8 to 10 to 12 per cent, so that 7 per cent in those days was a far less satisfactory payment to the provinces than is 5 per cent today when inflation is so much lower. I do not think, therefore, that it can be realistically maintained that we are trying to fight the battle of the federal deficit on the backs of the deserving. I do not think that that is the case at all. I think that the federal government continues to do its share, and I would say that is more than its share, particularly when one takes into account the effect of the lower inflation factor that we have now.

The federal government itself is controlling very carefully the expenses over which it has direct control. In fact, they are flat when you leave out the cost of transfer payments to individuals and the cost of supporting the national debt. But surely my honourable friend will recognize that all Canadians are being called upon to do something with respect to the federal finances, and that includes the provincial governments. It seems to me that the arrangement that has been made to continue the support of the higher education programs and the health services at the level proposed is not an unreasonable one in all the circumstances, and that the parties concerned are not substantially worse off than they were before.

Senator Haidasz: I have a supplementary question. Surely the Leader of the Government in the Senate understands that cutting $6 billion in the next five years from the funds provided for health and post-secondary education will impair the services to Canadians in those fields. In fact, Saint Joseph's Hospital in Toronto has already had to cut 15 per cent of its services to the patients who use that hospital because they are not receiving the money they need to meet the costs of health services.

Senator Roblin: My friend talks about the situation today. I suggest we must look ahead to the future. In the past, the rate of inflation in the medical field and in the educational field was much higher than it is today.

The inflation rate today is around 4 per cent. Let's hope it stays that way. The result is that the natural impact of the changes is not the one that my honourable friend describes. In the old days, they may have received an increase of 7 per cent on the grants, but they faced a rate of 10 or 12 per cent on inflation. Now they receive 5 per cent increase on the grants while facing an increase of 4 per cent on inflation. Who is better off? Without question, the second set of people are better off.

Senator Haidasz: Honourable senators, since all of the premiers disagreed with the explanations given to them by the Prime Minister and by the Minister of Finance, why does the Leader of the Government in the Senate persist in giving the impression that either the premiers do not understand what they were told, or that they are asking too much?

• (1430)

Senator Roblin: The premiers understand very well what the situation is, but I have yet to find a premier who would be

willing to say that the federal government has given him enough. If my honourable friend knows of any such premier, I would be interested in knowing about him.

Senator MacEachen: Premier Buchanan did.

Senator Roblin: He is one man we will have to give a credit mark to.

Senator Frith: And you probably did when you were a premier.

Senator Roblin: I doubt that. When I was Premier of Manitoba I dug for all I could get. I would be very surprised if that were still not the case with others. So, I know a little about this subject and can tell my honourable friend that I think Premier Buchanan deserves special mention because there are not many like him. What did Diogenes say about an honest man? Well, he is one.

Without wishing to cast any unflattering aspersions on the other premiers who were present—because I do not wish to do that; I think they discharged their duties as best they saw them—it is quite reasonable to expect, and it is only in the course of nature, that premiers will say, "Give me a little more."

Senator Doody: Premier Buchanan for the Senate!

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—PARTICIPATION OF PROVINCES

Hon. H. A. Olson: Honourable senators, I should like to ask the Leader of the Government the following question: Following the commitment that was given to the provinces on the process and the methodology of establishing the negotiating instructions for Mr. Reisman, can the leader tell us whether the federal government has retained the power or the right to give instructions to the negotiator, Mr. Reisman, or must that wait until the end of the 90-day period?

Hon. Duff Roblin (Leader of the Government): I am sure that Mr. Reisman will conduct himself in accordance with the current rules and regulations as long as they are in effect; if they are changed, then he will change.

Senator Olson: That's an interesting comment, but may I have an answer to the question I asked, which was: Has the federal government, in keeping with its commitment to the provinces, retained the right and the power to give instructions to the negotiator, Mr. Reisman, or will that wait until the end of the 90-day period? I know Mr. Reisman, and I am sure he will do what he says he will do, but may I have an answer to my question?

Senator Roblin: I must confess that I have not consulted my colleagues in connection with this specific matter, so I may be venturing on to thin ice, but I can say that in my opinion—and I will be pleased to confirm this later—Mr. Reisman will continue to carry out his duties during the 90-day period, just as he does now. If the rules are changed after that, he will be guided accordingly.

Senator Olson: Does the federal government feel it still has the moral authority to give Mr. Reisman instructions with respect to the undertaking, or has that been subordinated to the commitment that was made to the provinces?

Senator Roblin: The federal government will have to be guided by what is practical and realistic in the circumstances without in any way departing from its undertaking to give considerations to ways and means by which this concept of provincial participation may be introduced.

Senator Olson: Would the Leader of the Government in the Senate care to tell us what is practical in these circumstances? The leader said the government would be guided by what is practical; could we have a definition of "practical"?

Senator Roblin: We will just have to use our best judgment.

Senator Olson: Is the word "practical" being used as the word "soon" was used some time ago? Could we have a straight answer? Has the federal government renounced its authority to give instructions for 90 days?

Whatever may be interpreted as being "practical" is fine, but would you please define what is meant by that? I want to know whether the government has decided that it will not give Mr. Reisman any more instructions until the government has gone through the so-called process of 90 days? We do not even know whether there is a process or not. The Premier of Saskatchewan, as the Leader of the Opposition has already pointed out, says, "We have a process." Do we have a process, or are we going to wait 90 days to find out whether we do have a process, and whether that process will be used to determine the instructions that may be given?

Senator Roblin: I have already answered the first part of the question about Mr. Reisman's activities and what the federal government will do; both will carry on doing what they are now doing. As to the process, I read it to him.

Senator Olson: I have also read it.

Senator Roblin: You have! Then I wish you had understood it.

Senator Frith: That's funny! We were just thinking the same thing about you.

PROVINCE OF QUEBEC

RESULTS OF PROVINCIAL ELECTION

Hon. Ian Sinclair: Honourable senators, I wonder if the Leader of the Government in the Senate would extend the compliments of this chamber to the Prime Minister for his foresight, his perspicacity and his ability to see into the future when he said approximately ten days ago that the people of Quebec do not have to fear Pierre-Marc Johnson and the PQ government.

Senator Frith: "There's nothing to fear from the Parti Québécois." How right he was!

Hon. Duff Roblin (Leader of the Government): I agree with my colleague in that the Prime Minister was unusually prescient.

Senator Sinclair: Perhaps we should also congratulate the Leader of the Government in the Senate—

Senator Walker: Don't overdo it!

Senator Sinclair: —for his statement, "You can rely on the good sense of the people of Quebec." I extend my congratulations to him.

Senator Roblin: In order to confirm the perfect impartiality with which I dealt with the question on a previous occasion, my honourable friend should record that I expressed my confidence in both Mr. Bourassa and Mr. Johnson as representatives of the people of Quebec. I thought it was proper that I should do so and I see no reason to change my view now.

STATUS OF WOMEN

ECONOMIC EQUALITY—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, my question is for the Leader of the Government in the Senate and relates to the First Ministers' Conference held in Halifax last week. There was on the agenda for that meeting another matter of national importance, and that concerned the status of women. The government presented to the conference a report entitled: "A Progress Report on Economic Equality for Women", and many of the premiers put forth proposals. Premier Peterson of Ontario suggested a six-point detailed proposal of measures that could be taken to improve the situation of women in Canada. I should like to ask the Leader of the Government in the Senate what the reaction of the federal government to that proposal is, when can we expect to hear about an explicit response to that and what further action will be taken?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am not in a position to reply to that question at the present time. I have no information.

Senator Marsden: Would the Leader of the Government in the Senate be willing to obtain such information and report back to the chamber?

Senator Roblin: I will make inquiries to see what decisions the conference arrived at with respect to those matters.

Senator Marsden: If I may, I believe that the conference did not arrive at decisions, but according to newspaper accounts the government was to respond and let the premiers know where they stood and when there would be further discussion. I should like to know what the time frame will be for those further discussions and when we are likely to hear about further action.

Senator Roblin: That is exactly my point; the issue is not resolved to the point where I am able to make a statement about it either with respect to the time element or the substance of the matter.

FEDERAL-PROVINCIAL RELATIONS

HEALTH AND EDUCATION—EFFECT OF REDUCTION IN TRANSFER PAYMENTS

Hon. L. Norbert Thériault: Honourable senators, I should like to return to the question posed by Senator Haidasz. I got the impression from the answer the leader gave to Senator Haidasz that, in fact, the cost of post-secondary education and health has decreased in the past year or so. Is that the answer he gave to Senator Haidasz?

Hon. Duff Roblin (Leader of the Government): No, I do not think so; I think those costs are still going up.

• (1440)

Senator Thériault: You said that they are still going up, but do you realize that the increase in costs for post-secondary education and health services in most of the provinces last year was higher than the year before? Despite the decreased rate of inflation the cost of providing post-secondary education and health services has increased at a faster rate than the rate of inflation; as a matter of fact, at a higher rate than it increased two and three years ago.

Senator Flynn: Thank you for the information.

Senator Thériault: When you say that the cost to the federal government will increase by 5 per cent while the rate of inflation will be 4 per cent, you are not, in fact, reflecting the true cost of increases in health services and post-secondary education. That is why some of the provinces, in particular the Atlantic provinces, are in strait jackets. For example, if the federal government goes through with the Minister of Finance's projection of reducing the expected grants to the province of New Brunswick for post-secondary education and health services, hospitals will have to close and grants for post-secondary education will have to be lowered. I hope that in the less privileged provinces the Minister of Finance will reconsider his threatened reduction of grants in those two areas.

Would the Leader of the Government in the Senate review what he said and inform us of what is happening regarding increased costs?

Senator Roblin: I do not think it would be advantageous for me to review what I have said, but I will take my honourable friend's point as a serious one and if I have any comments to make on it at a later date, I will be glad to oblige him.

AGRICULTURE

NATIONAL STRATEGY

Hon. Joyce Fairbairn: Honourable senators, I would also like to dwell on the federal-provincial meeting in Halifax where federal and provincial agriculture ministers agreed that they would, over the next six months, develop a national agricultural strategy for Canada and then report their progress to the First Ministers.

May I ask the Leader of the Government in the Senate whether this will mean that such issues as the national sugar

policy will now be in abeyance for a further six months when we had been looking forward to seeing developments along this line before the end of this year?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think you can take it for granted that all federal initiatives in the agricultural field will continue during the process of review for the obvious reason that we cannot simply close up the shop in order to study what is in the show window. Those policies and programs we have in place will continue to be operated by the federal government regardless of what happens with respect to this conference on agriculture which will not conclude for six months.

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT

Hon. Joyce Fairbairn: Honourable senators, that leads me to the inevitable question: Does the Leader of the Government in the Senate have anything further to report on the progress of the 1983 stabilization payment for the sugar-beet industry?

Hon. Duff Roblin (Leader of the Government): No, honourable senators.

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ASSISTANCE

Hon. H. A. Olson: Honourable senators, may I ask the Leader of the Government if he could advise us whether or not the details for the $150 million drought relief program have been worked out? In particular, I am interested in the method of or the formula for making the payments. If that has not been determined, could the Leader of the Government indicate to us what process the government intends to follow to establish the formula?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I believe that I can promise my honourable friend that the details of the process to regulate the distribution of money will be announced soon. When he asks how soon is soon, I promise to make a very special effort to make sure that soon means soon!

Senator Olson: I want to indicate to the Leader of the Government that I appreciate that answer and the emphasis that is there, because there was some hope held out that the first payment would be in the hands of those drought-stricken farmers before Christmas. If that is to be achieved, the formula for determining the amount that an individual farmer may receive will have to be known.

Senator Roblin: If I remember correctly, in the case of the one province which accepted the original federal offer, namely, British Columbia, there is a chance—and I put it no higher than that—that they will be seeing some of their cheques go out before the Christmas period. With respect to the rest of the provinces, it certainly would have to be early in the new year.

Senator Olson: Could the Leader of the Government give an undertaking that he will try to obtain the basis on which the payment will be made and provide it to us as soon as possible?

Senator Roblin: I undertake to do that.

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED

SALE TO BOEING CORPORATION

Hon. Ian Sinclair: Honourable senators, I have a question for the Leader of the Government in the Senate. We have been told by Senator Kelly in regard to another matter that experts were called in to determine the price regarding the sale of government assets. Could the leader tell us whether that policy was followed regarding the sale of de Havilland?

Hon. Duff Roblin (Leader of the Government): Honourable senators, if my memory is correct, the price negotiated was related to the book value of the assets of de Havilland.

Senator Sinclair: Everyone who has flown or who has been interested in aviation recognizes the capability of the Boeing company in assessing outstanding commercial aircraft. I think that the Senate would like to record that once again they have shown that capability in determining the advantages of the de Havilland type of aircraft.

In the agreement of sale is there any provision that will make it essential that any series arising from the present aircraft manufactured by de Havilland will be manufactured in Canada?

Senator Roblin: Yes, honourable senators. I do not have the specific document to hand at the moment but my recollection is that the spinoffs from the de Havilland aircraft anticipated to be developed in the future will be manufactured in Canada unless the explicit permission of the government is sought to do otherwise. The undertaking of the Boeing company is to build in Canada and to give that plant a world mandate for that kind of aircraft as far as their company is concerned.

Senator Sinclair: I have a further question. In light of that and the development of the Dash 7 and the Dash 8, is there any provision as to a minimum number of aircraft that will be produced in any given calendar year?

Senator Roblin: I should think not. I expect that that will decided by the market.

Senator Sinclair: In light of these answers I think it only right to draw to the attention of honourable senators that after an aircraft is developed it takes a long time for the capability of that development to be reflected in price. Here we have a price that can move the other way—a gross and a minus one—so that we may very well see over time that this entire company has actually been sold for $90 million. What percentage is that of the book value?

Senator Roblin: I cannot answer that question, but I can tell you that the public investment in de Havilland is pretty close to a billion dollars, which is some cost as far as the taxpayers of Canada are concerned, and that there is an undoubted

requirement for further capital investment of around $200 million, I am told, in the forthcoming period. There are substantial requirements of that nature that have to be met. One can see that there is a very substantial ongoing cost involved in operating this plant successfully.

• (1450)

We have had it for about ten years and have not been able to do that. It is costing us somewhere in the neighbourhood of $100 million per year to pay the interest alone on the money that is now, unfortunately, going to be part of the Canadian national debt in order to support what has been put into de Havilland so far.

It seems to me advisable to make the best arrangements we can to assure the future of that plant—insofar as anyone can assure a thing of that nature—in the way that we have done, and to create the conditions that will enhance the likelihood of maintaining the greatest possible number of jobs there for the future.

Senator Sinclair: In light of the fact that there was what we might call "government bookkeeping" involved in arriving at the book value of de Havilland, what does the relevance of the sale price in relationship to book value have to do with the sale of this company?

Senator Roblin: I am not sure that it has any relevance. My honourable friend seemed to me to ask the question, so I told him.

Senator Sinclair: I did not introduce book value, honourable senators; it was the Leader of the Government in the Senate who introduced the relationship to book value.

It is obvious to knowledgeable people, as reported in the press, that Boeing, once again, has made a wonderful deal. Boeing is a good Yankee trader. I hope this is not an indication of the type of Yankee trading deals we are going to make in regard to other trade matters.

Senator Roblin: I think my honourable friend would recognize that in a situation of this sort the question of getting the best price is a difficult one. Negotiations and investigations have gone on over the past year; there were about 130 contacts made in connection with the sale of this company. Three offers were ultimately received, and the judgment was that the offer from the Boeing company was the best.

In the whole context of that transaction, in connection with searching for markets, establishing price and trying to ascertain what maximum could be obtained for that company, the government was not relying entirely on its own information. It had a group of leading investment bankers, both in Canada and in Europe, investigate this matter. As my honourable friend would imagine, chartered accounting, legal and financial advice was sought from a wide variety of sources in order to arrive at the most reasonable basis possible with respect to this question of disposal.

This is the best arrangement that can be arrived at at the present time, and it has certainly secured the consent of all concerned, including those directors of the CDIC who come from the private sector.

[Senator Roblin.]

SUPPLY AND SERVICES

POLL—AWARDING OF CONTRACT

Hon. Keith Davey: Honourable senators, I am grateful to the Leader of the Government for the informative delayed answer he provided on November 27 in response to my oral question of November 5. I asked about the bidding on the government's proposed super-omnibus public opinion poll. The leader has informed me, and I quote:

> This contract has not yet been awarded.

In view of the fact that the bidding closed on August 30, that is 96 days ago, I have four questions. They are: Why the unconscionable delay? Has the government changed its mind about this very questionable proposal? Will the leader undertake to inform us when the award is granted and to whom it is granted?

Hon. Duff Roblin (Leader of the Government): I cannot accept all the premises that are enshrined in those four questions my honourable friend asks. I think he will find that, when the dust settles, this whole operation represents a distinct economy in respect of what was being done aforetime in respect of this matter.

However, since he asks me if I will let him know to whom the contract is awarded, when the award is made, that I undertake to do.

Senator Davey: I think the "dust-settling" is a most appropriate metaphor.

Senator Roblin: The metaphor lies in the tongue of the speaker.

ABORIGINAL PEOPLES

QUEEN CHARLOTTE ISLANDS—LOGGING DISPUTE—HAIDA INDIAN RIGHTS

Hon. Len Marchand: Honourable senators, my question is for the Leader of the Government in the Senate. I watched with great interest the reports coming out of the recent First Ministers' Conference at Halifax to see if there was any reference to the topic of aboriginal claims raised at the meetings.

I raised this matter last week with the Leader of the Government in the Senate. Can he advise us if Prime Minister Mulroney had an opportunity to discuss this important question with Premier Bennett, with particular reference to the situation of the Haidas of the Queen Charlotte Islands involving logging, in particular, on Lyell Island?

Hon. Duff Roblin (Leader of the Government): The federal government is very sensitive to the position of native Canadians in all parts of the country and in respect of the whole array of problems that has arisen recently.

I think I may say, without undue modesty, that the policy being followed by the federal government in respect of its sphere of responsibility seems to be an improvement over anything we have had before and may even gain the approval of a good many of the aboriginal people who have rights or interests at stake; so, we are on common ground with respect to that.

Respecting the conversations in Halifax, I think it is correct to say that the Prime Minister did speak to the Premier of British Columbia about it. No announcement, that I am aware of, has been made and I think we must respect the fact that, regardless of what the Prime Minister says, the Premier of British Columbia has certain constitutional prerogatives which we cannot usurp.

Senator Marchand: Honourable senators, I, perhaps, will argue about whether there is an improvement over previous administrations. I think the attitude of the previous administration was quite good in terms of its recognition of aboriginal rights and claims.

Would the Leader of the Government in the Senate ask the Prime Minister to tell Premier Bennett to get off the silly high horse he is on regarding aboriginal rights in the province of British Columbia and to get down to some sensible negotiations with the first citizens of that province? They have a reasonable, just and justifiable claim that can easily be settled with a little common sense if only that premier and his government would get down to business and start negotiating.

Senator Roblin: I appreciate my honourable friend's feelings in the matter, but he really cannot expect the Prime Minister to issue instructions of that kind to a provincial premier, any more than we would expect the reverse to happen.

CRIMINAL CODE

BILL TO AMEND (PROSTITUTION)—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator MacDonald (*Halifax*), seconded by the Honourable Senator Barootes, for the second reading of the Bill C-49, intituled: "An Act to amend the Criminal Code (prostitution)".—(*Honourable Senator Lewis*).

Hon. P. Derek Lewis: Honourable senators, I believe I can say that we are all aware of the frightful situation existing in some of our Canadian cities caused by the nuisances created by street soliciting of prostitutes. We have heard of the harassment, abuse, molestation and interference suffered by residents and others in the lawful use and enjoyment of certain streets and neighbourhoods caused by the activities of prostitutes and their customers.

Apart from the annoyance, there is also fear for safety and the obvious adverse effect these activities are having on these neighbourhoods. The problem has reached alarming proportions. I believe we all agree that steps must be taken to alleviate this terrible situation.

It is apparent from what the Minister of Justice said in the other place when he introduced this bill, that its object was, through an amendment to section 195.1 of the Criminal Code, to clean up the nuisances caused by street soliciting and that he was under pressure from groups, both police and citizens, to take action.

It is claimed by police authorities that the provisions of the Criminal Code dealing with nuisance, loitering, causing disturbance, pimping, procuring, operating bawdy houses and disorderly conduct are not sufficient to combat the situation now evident in some cities.

When the Honourable Senator MacDonald introduced this bill in this chamber, he explained that the present provision of the Criminal Code, section 195.1, prohibiting soliciting in public places, has largely, by reason of court decisions, been considered by police to be ineffectual in dealing with the situation.

As the honourable senator explained, these decisions held that, under that section of the code, to constitute the offence of soliciting, there must not only be a demonstration by an accused to make himself or herself available for prostitution, but also the conduct complained of must be pressing or persistent. It is claimed that this has tied the hands of the authorities and, accordingly, constitutes the reason for the present bill.

● (1500)

I believe that all honourable senators sympathize with the citizens who are so badly affected by the problems created by street soliciting and are prepared to support the implementation of proper, sensible and workable law to combat the state of affairs which this bill is supposed to remedy. However, the present bill, which has been described by some as "a legislative sledge hammer," goes too far.

Whilst the proposed legislation may, in the short run, reduce for a time the numbers involved in street prostitution in some areas, it will not, in fact, eradicate prostitution, which will continue and will be pushed into a much worse situation.

It must be remembered that, at present, prostitution is not illegal in Canada. If the present bill is to work it will have the effect of pushing prostitutes further into the hands of pimps, procurers and other criminal elements. The present bill raises some serious questions for all citizens, as it may have adverse consequences for the rights and liberties of all.

Bearing in mind the object of the bill, let us look at its provisions. Honourable senators will see that it defines a public place as any place to which the public has access, and that includes a motor vehicle in a public place or a place open to public view.

It prohibits any manner of communication, realized or attempted, in public for the purpose of engaging in prostitution or of obtaining sexual services of a prostitute.

This will grant to police unlimited discretion in applying the law. It would be up to the policemen to decide what was in the mind of an individual who stopped and talked to another individual. Any person engaged in a lawful pursuit will be

liable to be apprehended by police, who may decide in their own discretion that the person is stopping a vehicle or communicating with someone else for the purpose of prostitution.

This leaves just too much discretion to the police, who will inevitably apply the law selectively. It will leave the police free to move against a person they know or believe to be a prostitute or a suspected customer merely for being present in a public place, where he has every right to be, along with other citizens.

How the police will eventually prove their charges is another matter, unless they use decoys or other covert, underhanded means.

This problem was addressed very fully last spring by the Special Committee on Pornography and Prostitution, otherwise known as the Fraser committee. That committee proposed a stronger law against street solicitation, but, in doing so, felt it should be necessary to show in support of a charge that there was some element of interference with the public or property occupiers.

The committee felt that covert methods, which could be used by police if there was to be a total ban on solicitation, were unacceptable.

The committee proposed that rather than amending section 195.1 of the Criminal Code it should be repealed, and that, instead, section 171 of the Code be amended so as to deal with the situation. The relevant words are:

> —so that it will relate clearly to the nuisance problems associated with street prostitution and do so in a way which makes it clear what sort of conduct is unacceptable.

The committee's suggested amendment made it clear just what the nature of the nuisance was to be. Whilst its proposed wording was somewhat similar to that of the present bill, it provided that the prohibited conduct, to be criminal, should have been committed on more than one occasion. In other words, a nuisance would be committed by the soliciting of one individual on more than one occasion or of other individuals in sequence.

This would have made the offence quite clear to both an offender and the police, and would have provided a balance in protection of individual rights.

The government has not chosen to follow this recommendation, giving rise to the objections to the present bill as giving the police too much power. It is not good enough just to give assurances that wide discretionary powers can be left to the police. We have seen in the past where this can lead.

If the law is to have proper public respect, it must strike a proper balance between the need for public order and the rights of individuals, whoever they may be, to move freely in public places without fear of unwarranted police intervention.

There is another aspect of this bill which I would like to mention. Any criminal law which is to be enacted, if it is to be respected by the public and upheld in the courts, should be clear, not vague, and it certainly should not be absurd. The drafting of the law should avoid these pitfalls.

[Senator Lewis.]

What do we have here in this bill? I will not presume to suggest how the courts will interpret the provisions of this bill, if it is enacted and if charges are subsequently laid under it.

I would, however, like to draw attention to some possible problems that might arise, particularly in view of the fate of the present section 195.1 of the Code when dealt with by the Supreme Court of Canada. I have some doubts as to the courts upholding the provisions of the bill.

The bill appears to create an offence which could be committed by anyone who, in a public place or in a place open to public view, for the purposes of engaging in prostitution or of obtaining the sexual services of a prostitute, does any or all of three acts described in the bill.

First, it is to be noted that not only does the bill prohibit the doing of these acts in a public place but also in a place open to public view.

This is a wide application and would appear to include private property such as a driveway or even a private garage, if the door was left open, or even if the door was closed but had windows in it. It would presumably include a room in a private home if the drapes were open.

Would the police force an entry into a private home if they saw through its window a prostitute known to them talking with a presumed customer? This would appear to be absurd, but that is the implication. Surely that is not street soliciting. Surely that is too wide an application.

Again, it is to be noted that any of the actions prohibited under the bill will be an offence if they are carried out for the purpose of engaging in prostitution.

Prostitution is not defined in the bill, so presumably it will be given its common definition which, in effect, can be described as the offering by an individual of the body for hire.

Honourable senators will note that it is the individual who offers that individual's body. If that is so, then apparently the bill does not address the actions of a pimp or a third party making an engagement on behalf of a prostitute. Neither would it include the customer.

On this point there have been two conflicting interpretations of what constitutes "for the purpose of prostitution." The B.C. Court of Appeal held that these words refer only to the individual prostituting him or herself, whereas the Appeal Court of Ontario has held that these words refer to the whole transaction being the act of prostitution, irrespective of by whom it is carried out. Hence the matter remains open.

The provision that the listed actions are prohibited if they are carried out for the purpose of obtaining the sexual services of a prostitute might appear to be clear, but it is to be noted that it requires the services of "a prostitute."

Suppose that the person approached is not a prostitute; for example, suppose that a presumed customer stops and inquires of another person if that person is in fact a prostitute, and nothing more. Is that to be sufficient, in itself, to warrant the supposed customer being apprehended if, in fact, the customer does not request sexual services?

In this respect it should be remembered that this is one of the actions of which citizens have been complaining, that is, their being accosted on the street by prospective customers. This provision does not appear to remedy such a situation and it would fail in its objective.

● (1510)

I should now like to turn to the three acts which would appear to trigger an offence under this bill. Subclause (1)(a) of the new clause 195.1 uses the words "stops or attempts to stop any motor vehicle". I ask you: What is stopping a vehicle? How do you stop a vehicle other than by the driver applying the brakes or running it into an obstruction? When can you be guilty of "attempting to stop a vehicle"? What if the vehicle is already stopped for a legitimate purpose? Would the driver be guilty?

Possibly this provision is an attempt to create a prohibition against someone outside the vehicle stopping, or attempting to stop, the vehicle, say, by signals on the street, a signal by a person to stop. But, if that is so, why does not the provision make that clear?

The proposed subsection 195.1(1)(b) deals with the impeding of a pedestrian or vehicular traffic. Does this mean that a person waiting in a public place, or moving on a sidewalk more slowly than other pedestrians, or driving more slowly than other traffic, all for an innocent purpose, is likely to be apprehended under these provisions? Surely the sections of the Criminal Code, provincial Traffic Acts and municipal by-laws dealing with loitering and obstruction should be sufficient for this purpose.

The provision of proposed subsection 195.1(1)(c) against any form of communication with another person would appear to be a breach of fundamental rights under the Charter of Rights and Freedoms, and it will be interesting to see how that fares in the courts. Is a wink or a nod to be a communication giving rise to a charge under this clause? This would appear to be absurd if one considers the problems that this bill is supposed to remedy.

As I say, I have grave doubts about how these provisions will stand up in the courts. But surely the problem here is not whether a charge will stand up in court, where a proper charge has been laid; is it not, rather, whether the provisions of this bill will lead to innocent people being apprehended by overzealous police, taken into custody, and put to the embarrassment of having charges laid against them, even if those charges are subsequently dropped through lack of police evidence? I suggest that that is the real danger.

Having said that, while it appears that the government has, under pressure, acted hastily and without due consideration for all of the ramifications, it is quite clear to all of us that action must be taken to deal with the problem addressed in the bill. This bill may be mistaken, and I suggest that it will be proved to be so in reality. If that is so, who will answer for the consequences?

It is to be noted that the bill provides for a review of its provisions in three years, which should allow time for court decisions on its interpretation. We can only hope that in the meantime no harm is caused to individuals by this stop-gap action.

It is also to be noted that it is the intention of the government to introduce legislation shortly to deal comprehensively with prostitution and pornography. Let us hope that in the preparation of such legislation full consideration will be given to the proposals of the Fraser commission and other groups on these topics. It is unfortunate that such consideration was not given before this bill was brought forward.

There are a lot of matters that if and when this bill is referred to committee, I hope will be given further consideration.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, the previous speakers, Senator Finlay MacDonald who presented the bill and Senator Lewis, have covered all the important points of this legislation.

I would like to say, for the record, that I am not very happy with the remedy Bill C-49 is apparently intended to provide for the problem of soliciting.

It has been said again and again that the purpose is not to condemn prostitution. This was never attempted, and no one is suggesting that it should be.

What is being tried here is mainly to eliminate the nuisance of soliciting.

This nuisance problem exists only in large cities. There is pressure on the government on the part of chiefs of police who, in turn, are subject to pressure from residents of certain city neighbourhoods who are annoyed at the fact that prostitutes are walking certain streets.

In other words, the only complaints about this problem come from certain specific areas of Vancouver, Calgary, Edmonton, Toronto, Montreal and apparently even Halifax. I do not move around enough in Ottawa to know whether the problem exists here as well.

In any case, we are talking about a nuisance exclusive to our big cities. And it is only the nuisance aspect we are trying to eliminate. I have always objected to using the Criminal Code to deal with this kind of situation.

I would like to quote a few comments made by the Law Reform Commission on the subject of defining new crimes, especially in the environmental sector. There was a reference to the borderline areas of the Criminal Code. I am quoting from page 9:

> Borderlines will always be blurred; for each particular problem and each type of behaviour creating a social problem, how we determine these lines will be a subject of debate, and we will have to appeal to the individual judgment of Canadians and especially the legislator who must decide whether these acts do or do not constitute a "crime".

On the next page, the report says:

> That being said, there is another point that must be made. Clearly, the decisions of the legislator and the proposals of reformers should not merely reflect the moral values or preferences of certain individuals or the political pressures and perceptions of the moment. We must have a consistent philosophy of penal law that would make it a priority to find out whether the behaviour in question constituted a serious violation of what is generally recognized as a fundamental value of our society and as such to be defended on moral grounds.

I submit that according to this principle, the simple fact of being a nuisance does not fit the definition of a crime given here.

When we look at the text of the bill, the possibilities are mindboggling, and Senator Lewis said as much. For instance:

> Every person who in a public place or in any place open to public view
>
> (*a*) stops or attempts to stop any motor vehicle,

Senator Lewis mentioned that it was hard to understand the exact meaning of these words.

> (*b*) impedes the free flow of pedestrian or vehicular traffic or ingress to or egress from premises adjacent to that place, or
>
> (*c*) stops or attempts to stop any person or in any manner communicates or attempts to communicate with any person
>
> for the purpose of engaging in prostitution or of obtaining the sexual services of a prostitute is guilty of an offence punishable on summary conviction.

If we remove the word "prostitution", this description could apply to entirely different activities that are constantly going on in certain places. It will be extremely difficult to prove the intent of soliciting for the purpose of engaging in prostitution.

Once again, we are trying to eliminate a nuisance, but I feel that this new description will not solve the problem. It will be very difficult to provide evidence. As Senator Lewis intimated, I have the impression that the Supreme Court will declare this provision to be as ineffective as the one we have now.

During my short stay at the Department of Justice, I experienced the same pressures on the part of police chiefs. I must say that when police chiefs exercise pressure, they intend to be taken seriously. They want us to make their job easier. They are not concerned with morality. They just want us to help them do their job with as little hassle as possible.

I had then suggested that if the Parliament of Canada would have the courage to delete all Criminal Code provisions concerning soliciting for prostitution purposes, this jurisdiction could then be left to the provinces and, through delegation of powers, to the municipalities so that they would adopt nuisance by-laws.

As a matter of fact, at that time the cities of Montreal and Calgary had passed by-laws which were effective when they were enforced. The Supreme Court struck them down for the simple reason that soliciting was covered under Criminal Code provisions. Such by-laws were beyond municipal jurisdiction.

When soliciting was dealt with in the same way as illegal or unauthorized parking, I think the results were excellent. At least people stopped complaining. Perhaps we are sending prostitutes elsewhere to practise their trade, but for the time being the purpose is simply to act on complaints from people who are bothered by such activities.

Once again, I doubt that this bill is the solution. Otherwise, it is obvious that the Minister of Justice himself is not overly hopeful since the bill provides that:

> Three years after the coming into force of this Act, a comprehensive review of the provisions of section 195.1 of the Criminal Code, as enacted by this Act, shall be undertaken by such committee of the House of Commons as may be designated or established by the House for that purpose.

Perhaps the Senate should have been mentioned. There is no reference to the Senate, but perhaps they consider that we are not wise enough to be interested in the issue of soliciting! In any case, this provisions clearly indicates that the minister entertains doubts about the bill. Should Parliament decide to adopt this bill, it should do so while being aware that chances are the objective aimed at might not be reached.

● (1520)

[*English*]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I would like to say a word in support of what Senator Flynn and Senator Lewis have said, particularly on the essence of the problem as defined by both of them, that being a problem of nuisance. I suppose it is not totally appropriate, but neither is it totally inappropriate, for us to comment on decisions of the courts, but it seems to me that if the courts had treated the legislation from Calgary and, I believe, Montreal as, in essence or "in pith and substance" as the interpretative rules say, laws dealing with municipal nuisances, then they would have been within the municipalities' legislative competence. I have not read the case so I am not sure of the basis upon which the courts arrived at their conclusions. But it seems to me that Senator Flynn and Senator Lewis have put their finger on the essence of the wrong to be righted. It is a shame that it cannot be dealt with in some way by laws dealing with the wrong; namely, the nuisance, rather than in the way that it is dealt with in this bill.

Hon. Henry D. Hicks: Honourable senators, I would like to say a few brief words in relation to this bill. I agree completely with Senator Lewis, and I congratulate him on the careful analysis which he has given to this bill and his predictions as to the likely outcome of it. I also agree with the views expressed by Senator Flynn. I merely wish to emphasize one aspect of this bill which Senator Lewis referred to but did not develop, and that is the effect that this legislation will have on the activities of that despicable person usually referred to as the pimp. If there is anyone that I hold more in abhorrence than I

do, for example, a prostitute, it is the pimp, because it seems to me that he has absolutely nothing to speak on his behalf.

I had come to this conclusion from my own reading of the bill—and I am glad my views were reinforced by what Senator Lewis had to say—but it seems to me that one effect of this bill will be to place the business of prostitution much more squarely in the hands of the pimp, to enhance his control over the prostitute which in itself is a bad and shameful thing, and to make it necessary for so-called customers of prostitutes to do business always through the kind of intermediary whom no one—no one—can respect in any way at all.

I find it very difficult to support this legislation. I am even more fearful than Senator Flynn as to the ultimate effect of the legislation, and I am glad to see inklings, both in Senator Flynn's remarks and in Senator Lewis's remarks, of an idea by which this problem might be dealt with more satisfactorily in a different way. This seems to me to be a bad bill which will not solve the problem, even though it may transfer it to another venue.

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

REFERRED TO COMMITTEE

On motion of Senator MacDonald (Halifax), bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

CANADA DEVELOPMENT CORPORATION REORGANIZATION BILL

SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Barootes, for the second reading of the Bill C-66, intituled: "An Act respecting the reorganization of the Canada Development Corporation".—(*Honourable Senator Sinclair*).

Hon. John M. Godfrey: Honourable senators, the record will show that Senator Sinclair adjourned this debate in my name, so although it shows the name of Senator Sinclair in the *Minutes of the Proceedings of the Senate*, that is not correct, and I will speak to the matter.

Honourable senators, I want to make it clear from the start that I thoroughly approve of the objectives of this bill. In fact, I would like to congratulate the government on the timing of their action to privatize the Canada Development Corporation. The stock of the Canada Development Corporation has been as low as $3.75, I believe. At the time of the issue, the stock was sold at $11.50 and is now selling at just under $9.50. There were 23 million shares sold, so that the government got some $46 million more for its shares than it would get if it had waited until today.

I wish to talk about only one aspect of the bill this afternoon. The bill provides that no one person or persons associated with that person can hold more than 25 per cent of the stock. It also provides that no foreigner or non-resident can hold, individually, more than 10 per cent and, in total, non-residents can hold no more than 25 per cent, again including those associated.

The difficulty has been with the definition of the word "associate". I think that the 25 per cent limit was probably about right. It stopped conglomerates or others from taking over complete control of the Canada Development Corporation. Like a great many other people in this country, I am concerned with a concentration of economic power in very few groups. However, the 25 per cent limit does permit a major shareholder, even if he cannot dictate to the board of directors or the management, in most instances, to have considerable influence on the board and to make management more accountable than would be the case if there were no major shareholders. Therefore I have no objection to the 25 per cent limit.

● (1530)

What does concern me is that there is a loophole. The 25 per cent limit, in most cases, is completely ineffective. The reason for that is the definition of "association". The definition of association is that two companies are associated with each other if they are owned more than 50 per cent by the same person or company. Of course, everyone knows that there are many, many companies that are controlled by shareholders holding much less than 50 per cent.

This point concerned the board of CDC. Mr. Hampson brought up the question at an executive meeting of the board and an argument ensued. The directors did not agree as to whether it should be 25 per cent; some argued that it should be reduced to 10 per cent held by one person or company or associates, as is provided for in the Bank Act. There was even a question as to whether there should be any restrictions whatsoever. According to the testimony of Mr. Hampson, what they did agree upon was that the present provision of 25 per cent was ineffectual because of the definition of "associates", and that if the government really intended this 25 per cent provision to be effective, there should be an amendment to the act.

They then prepared a memorandum—and I will refer to this in detail later because I think it is important to get on the record exactly what happened—they prepared a memorandum for the board of directors and the board of directors had a meeting to consider this memorandum. I would like to refer to the evidence of Mr. Hampson, which was given before the Legislative Committee dealing with Bill C-66. Mr. Ravis asked a question which concluded with the words:

> The amended changes, have they been discussed by the board?
>
> MR. HAMPSON: Yes.
>
> MR. RAVIS: They have been discussed.
>
> MR. HAMPSON: Yes, they have been discussed by the board, and the board unanimously recommends them.

That is at page 12 of Issue No. 2, Tuesday, October 1, 1985.

MR. RAVIS: So they have been debated then by the directors.

MR. HAMPSON: They have been discussed; it was not really a debate. There was a paper prepared and a full discussion by the board.

Then in testimony which he gave the following day, Mr. Hampson amplified that a little by saying:

—It is not worthwhile to attempt to anticipate all the possible situations that may one day arise. The committee agreed unanimously with the idea of presenting this approach to the board of directors.

Here he is referring to the executive committee:

—There are minutes of the discussion of the executive committee.

The board meeting took place on September 18. Most of the board members were present. I do not have the list with me. All CDIC members were there, as well as most of the others. They were unanimous in supporting the proposal.

As I said yesterday, certain directors wanted a 10% limit, others wanted no limit, but all agreed that there had to be a way of enforcing any percentage set by the government. No one wanted to be in a situation where they would have to try to enforce a vague and imprecise piece of legislation.

After Mr. Hampson had given that evidence, Mr. Richard Bonnycastle, the chairman of the Divestiture Committee of the Canada Development Investment Corporation, appeared before the committee on October 8, and his evidence created a sensation, to say the least. There was a great deal of publicity about it. In fact, what he said was that Mr. Hampson was not telling the truth. I will just read what Mr. Bonnycastle said at page 6 of the *Minutes of Proceedings and Evidence of the Legislative Committee on Bill C-66*. He said:

I must also point out before concluding that we heard there was some implied support for these proposals by the board of directors of CDC. As I mentioned at the beginning, I am on the board of both those corporations, and there was not a consensus on these provisions and none of them was endorsed.

That could not be more blunt or more straightforward. To say that I was surprised is putting it mildly. Back in the 1960s, for some years, I had a great deal to do with Mr. Hampson. We were both in the mutual fund business. He was a competitor, and we served together as directors of the Canadian Mutual Fund Association. I think when I was president of the association, he was vice-president and I can say that I have the highest regard for Mr. Hampson's ethical standards and, furthermore, I have equally high regard for his ability. I must say that I was astonished by the accusation of Mr. Bonnycastle which, if true, would not only mean that Mr. Hampson was a liar but that he was stupid. As far as my personal experience goes, Mr. Hampson was neither.

[Senator Godfrey.]

I want to refer to one other part of Mr. Bonnycastle's evidence. At page 6, he said:

Second—and this point is not raised by management—the bill as drafted gives the board of directors of CDC the authority to deem two people to be associated, if they believe they are acting in concert, by way of an agreement or arrangement.

I read these proceedings over the weekend and when I read that, it struck me immediately that, if that is true, it takes care of the situation. In other words, we do not need a definition of "association" and so on. Incidentally, another reaction to that was, why did Mr. Hampson not point this out, since it is so obvious that that was the effect?

However, I then read the actual clause in the bill and it does not read that way. The relevant clause is 5(6)(h). Subclause (6) starts off:

For the purposes of this section, a person is an associate of a resident or non-resident if

(h) both are parties to an agreement or arrangement, a purpose of which, in the opinion of the Board of Directors of the Corporation, is to require the parties to act in concert with respect to their interests in the Corporation.

The operative word there is "require". When I read that clause, it seemed obvious to me that this was a situation dealing with two companies who had no association together whatsoever, but had decided by binding agreement to act as one in order to pool their resources and agree to act in concert with respect to their shareholdings. If their combined ownership was more than 25 per cent, that would be just as bad as one individual owning more than 25 per cent.

I think I should refer at this point in some detail to an opinion given by Fasken & Calvin on October 11, 1985, regarding the effect of that section. This is a rather lengthy quotation, but it is one which I wish to put on the record. It states:

—we suggest that it is incontrovertible that the power to control many corporations exists with a shareholding of voting shares of 50% or less. In the hypothetical fact situation, the person who (either alone or with associates) owns a substantial block of 50% or less of the voting shares of Corporation A and Corporation B may well have full control of those corporations through the *de facto* ability to nominate and elect directors of his choice and, through them, to appoint management of his choice. Through such boards and management such person may dictate how Corporation A and Corporation B will vote their securities in CDC and otherwise exercise their rights and privileges as shareholders, thereby controlling, in the example we have used, indirectly, 48% of the votes of CDC which may ordinarily be cast to elect directors, without any agreement or arrangement between Corporation A and Corporation B. Similarly, any arrangement or agreement between them which might exist would be unlikely to require Corporation A and Corporation B to act in concert with respect to their interests in CDC. Such

agreement or such requirement would not be necessary to accomplish indirect control of 48% of the votes of CDC which may ordinarily be cast to elect directors. As a result, such person would be almost certainly able to cause to be elected as directors of CDC nominees acceptable to him, other than the government nominees provided for in Bill C-66.

In summary, it is our opinion that paragraph 5(6)(h) of Bill C-66 would likely be of little practical assistance to the Board in determining, in the hypothetical fact situation, that Corporation A and Corporation B were "associates" within the meaning of the provisions of the Articles authorized by Bill C-66.

● (1540)

I should like also, in that connection and by way of contrast, to read the last paragraph of a letter from Fraser & Beatty, who were retained by CDIC and Mr. Bonnycastle. This opinion was sent to the House of Commons committee by Mr. Bonnycastle. The last paragraph of that letter states:

We would also draw to your attention the provisions of section 5(6)(h) of the Bill which provides a broad and rather unusual power whereby the Board of Directors of CDC may reach the opinion that a purpose of an agreement or arrangement between two parties is to require the parties to act in concert with respect to their interests in CDC. In such circumstances the parties become "associates". Such a broad provision would appear to provide the Board of Directors of CDC with a remedy for the type of situation which seems to be concerning CDC management.

As shown so clearly by Fasken & Calvin, it provides no such remedy. I would suggest that Fraser & Beatty did not really give the matter the consideration that it deserved.

Getting back to the question of consensus of the directors, after Mr. Bonnycastle made his well-publicized speech, in which he said that Mr. Hampson had misrepresented the situation to the committee, Mr. Hampson wrote a letter to the members of the Legislative Committee in the House of Commons. I should like to read the second and third paragraphs of that letter replying to a request for copies of the minutes of the board of directors, and I quote:

I am happy to meet this request, and accordingly you will find enclosed as Attachment "A", an extract of the minutes of the Board meeting held on Sept. 18, 1985 dealing with Bill C-66. The Secretary of the Corporation or myself tried today to reach all directors who were present at the meeting, and read each of them, word for word, at least the last three paragraphs dealing with the sense of the Board (the earlier paragraphs being a summary of the proposals laid before the Board).

All the directors contacted agreed that the minutes reflect accurately the discussion, consensus, and approvals given by the Board on the subject. For the record, the directors contacted were Messrs. P. Côté (Chairman), P. de G. Beaubien, L. Beaudoin, J. Bruk, P. J. Keenan, B. Lamarre, Mrs. M. S. Lamontagne, Messrs. W. C. Y. McGregor, J. W. E. Mingo, M. J. Moreau, E. G. Rowe, and Dr. C. Wallace. We were unable to reach Mr. Hughes, as he is out of the country, and the opinion of Mr. Bonnycastle was given to you yesterday.

I should now like to read to you the last three paragraphs of the minutes of the directors' meeting referred to in Mr. Hampson's letter:

As at the Executive Committee meeting, some Directors expressed the view that the 25% ownership limitation for resident shareholders should be lowered to 10%, as in the Bank Act, while others indicated that there should not be any maximum. The consensus, however, was that since it is the Government's policy to have a maximum ownership limit, this should be enforceable and not easily circumvented.

Some Directors then questioned whether the recommendation to change the test of 50% for determination of associates to a 20% test would give rise to a right of rescission by holders of instalment receipts sold by the Government. Management stated that they had been advised by legal counsel that neither the proposed amendments to Bill C-66 nor the Articles would give rise to a right of rescission. A copy of the opinion will be circulated to the Board.

After discussion, the consensus was to approve the principles of the memorandum regarding the recommendations of modifications to Bill C-66 and the proposed Articles of Continuance and to authorize management to take the appropriate actions to implement this approval.

I should now like to refer to the memorandum which was presented to the board of directors and quote from page 3 under the heading: " 'Associate' and Inter-related Shareholders", which states:

Accordingly, we recommend that the 50% test of associate be reduced to 20% which is similar to the test used for equity accounting, i.e. the level at which the accounting profession presumes some form of control can be exercised by a shareholder.

I should like to finish this aspect of my participation in this debate by quoting the last paragraph of a letter written October 15, 1985 by Mr. Bonnycastle to the clerk of the House of Commons committee, which states:

With regard to the CDC board meeting, Mr. Hampson has submitted the draft minutes of our meeting of September 18, 1985. This submission, which has not yet been ratified by the Board, discusses his understanding of the presumed unanimity of the Board with respect to the principles underlying the proposed amendments. Neither the minutes nor the covering letter reference any motions on the proposed amendments which, I believe, is quite consistent with the testimony I provided.

But I completely disagree with Mr. Bonnycastle; they certainly are not consistent with the testimony. You will recall that he said that he heard there was some implied support of these

proposals, and then he said there was not even the implied support. It is quite clear from the memorandum to the board and from the minutes of the meeting that there was, in fact, nearly unanimous support for the suggestion to try to clear up this question of association, and it certainly is not necessary to have a formal resolution as evidence of that support. It is really, I suppose, a question of Mr. Bonnycastle hating to admit that he was wrong. I must say that he was not the only one. There is another one who does not want to admit that he was wrong, and I shall now turn to Mr. Sinclair Stevens. Mr. Stevens was the last one to give evidence before the House of Commons committee. I would like to read from his testimony at page 6:50. By this time Mr. Stevens has had the evidence that I just explained to you, copies of the memoranda and copies of the minutes of the board of directors. He said this:

> What Mr. Hampson did was indicate the feelings some had, mainly himself and certain of his associates, and all that happened at the CDC board level was a discussion in principle about some variations in the amendments or the nature of the bill. I think it would be totally wrong, and I know there would be quite serious objections, if I did not try to explain to this committee that to represent that the CDC as a board is, for example, agreeing to the amendment that Mr. Cassidy is indicating is just not so.

I completely disagree with that statement by Mr. Stevens. He goes on at page 6:51 to say:

> I have a copy of the letter—

He is referring to Mr. Hampson's letter.

> —dated October 9 to members of this legislative committee, and you will notice that the minutes he includes there conclude with two very meaningful statements. On page two, the penultimate paragraph states:
>
> Management stated that they had been advised by legal counsel that neither the proposed amendment to Bill C-66 nor the articles would give rise to a right of recision.
>
> Subsequent to that it was realized on advice from counsel that there could be rights of recision. Then the final paragraph says:

● (1550)

> After discussion, the consensus was to approve the principles of the memorandum regarding the recommendations and modifications of Bill C-66 and the proposed articles of continuance.
>
> It was a consensus dealing with approving the principles. The detail was never gone into in the sense of proposing amendments—

That is not true. The memorandum discloses, in what I read to you, that it has been gone into in great detail and considered at the board meeting. Again, Mr. Stevens seems to have difficulty admitting that he was wrong.

Why do I mention all of this? Really, Mr. Stevens did not mislead the committee. The committee had the evidence before it which they could judge for themselves. You could tell that from the questions. If you read the proceedings of the committee in the House of Commons, which I did on the weekend, you can, however, get a completely different opinion. On Monday morning I phoned the secretary of the Canada Development Corporation and arranged for the memorandum, the copies of the minutes and the correspondence to be sent to me, and I read it, and I certainly got a somewhat different picture from what appears on the record. Therefore, I think that it is important that the public should know the facts as the members of the committee did.

I do not understand why Mr. Stevens did not admit that they had made a boob in the drafting of the bill on the question of associates. He had another good argument as to why he could not accept the amendment. There was a provision and the shares were sold on the basis that a bill would be passed substantially in the same form as the bill that we are considering today.

The solicitors for CDC looked into the matter and they said if we changed the definition of associates and plugged this loophole that would not be a substantial change. The solicitors consulted by the CDIC came to a different conclusion. I personally would favour the opinion given to CDC that it was not a substantial change. However, I would not go so far as to say I would be 100 per cent certain.

The problem with agreeing to an amendment could be the possibility that there could be a lawsuit for a right of rescission under the provision, and the rescission at this particular time would cost the government $46 million. One of the parties that might very well have a stronger right of rescission than anyone else, if there is such a right, and if it turns out that Fraser & Beatty were right and Faskin & Calvin were wrong—both eminent law firms—would be Noranda. There is quite a bit of publicity about the fact that Noranda bought 6.5 million shares of this issue. They have a paper loss right now of $13 million because the stock has gone down a few dollars. I would not be at all surprised if Noranda did not have at the back of their mind the loophole contained in this bill that if at some future time someone else will associate with another company in the Brascan group, that they can take control. There is a problem when it comes to amending the bill, and I only wish that people like Mr. Stevens had been somewhat more frank and put it on that basis.

On motion of Senator Sinclair, debate adjourned.

[*Translation*]

CANADA'S INTERNATIONAL RELATIONS

SPECIAL JOINT COMMITTEE—INTERIM REPORT ON BILATERAL TRADE WITH THE UNITED STATES AND CANADA'S PARTICIPATION IN RESEARCH ON STRATEGIC DEFENSE INITIATIVE—DEBATE CONTINUED

On the order,

> Resuming the debate on the consideration of the Interim Report of the Special Joint Committee on Canada's International Relations pertaining to Bilateral Trade with the United States and Canada's Participation in Research on the Strategic Defense Initiative, tabled in the

Senate on 17th September, 1985.—(*Honourable Senator Flynn, P.C.*).

Hon. Jacques Flynn: Honourable senators, I have reviewed what was said in connection with the inquiry on the subject of the report by the Special Joint Committee on International Relations. Senator Gigantès expressed his point of view. The Leader of the Opposition in the Senate honoured us with a very interesting speech, which illustrated his experience in the field of external affairs. His analysis of the results of the last summit meeting between Messrs. Reagan and Gorbachev was particularly interesting.

Only three senators took part in this debate. On the other hand, Senator Gigantès' inquiry on the Strategic Defense Initiative gave Senators Steuart, Hicks and Godfrey an opportunity to express their views.

In any case, the debate on this matter, as on the question of bilateral trade with the United States, will continue as questions are raised, or otherwise. We can say that we have covered the ground with respect to the interim report of the special joint committee. This item can now be dropped from the order paper.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I understand the committee intends to pursue its consideration of this matter, despite the fact that an interim report has been submitted. My point is that the subject has not been taken off the committee's agenda.

Senator Flynn: It has not been dealt with entirely, but it is up to the committee to decide. If you consider the notices published in the media, inviting the public to testify on certain matters, neither the Strategic Defense Initiative nor bilateral trade with the United States are among the subjects mentioned. The committee could only incidentally express its views on those two matters. In fact, between now and the month of May, the committee will be considering other questions. We must not forget that the committee's terms of reference cover the entire range of Canada's international relations—all the items dealt with in the green paper.

Consequently, if we were again to consider in extenso the strategic initiative and bilateral trade, it would be very difficult to consider the other problems mentioned in the green paper which deserve a great deal of attention, such as aid to developing countries, either through multilateral agencies or in the form of direct aid. That is one of the items now being considered by the committee.

There is also the matter of defence and security which is of interest to the committee. I realize the Strategic Defense Initiative has some connection with this matter, but it is not being considered as such. However, SDI is closely linked to the problem of Canada's general security.

There are other economic questions that may give rise to debate on bilateral trade. I repeat, the committee is not going to concentrate on these two subjects alone. They will not necessarily be excluded if they have some connection with other items on which the committee intends to set a priority between now and May. Let us not forget that the committee is supposed to submit its final report by May 31, if I am not mistaken.

Senator Frith: It is quite possible that these two items will be part of the final report. The committee will be allowing for this eventuality, between now and final report.

Senator Flynn: I realize that if certain events or testimony before the committee give rise to certain comments in the committee's final report, any connection with SDI or bilateral trade with the United States would not mean the committee would decide to ignore them altogether.

Senator Frith: I agree.

• (1600)

[*English*]

Hon. Peter Bosa: Honourable senators, I intend to speak to this order. As a matter of fact, I mentioned my intention to Senator Flynn last week. If there is no objection, perhaps I could speak to this matter tomorrow.

Senator Flynn: Honourable senators, I had forgotten that Senator Bosa had expressed his intention to speak. If he wants to use this vehicle, I, personally, have no objection.

On motion of Senator Bosa, debate adjourned.

STANDING RULES AND ORDERS

FIFTH REPORT OF STANDING COMMITTEE ADOPTED

The Senate proceeded to consideration of the fifth report of the Standing Committee on Standing Rules and Orders (Rules of the Senate), which was presented on Wednesday, November 6, 1985.

Hon. Gildas L. Molgat moved that the report be adopted.

He said: Honourable senators, on November 6, the *Debates of the Senate* carried the details of the fifth report of the Standing Committee on Standing Rules and Orders. I would refer honourable senators to page 1471 where the details are listed.

The reason for this report is that a request was made to us to change some of the wording in our rules because of the gender problem. The rules, as they now read, constantly refer to "his, him, he," and so on—the masculine gender.

It was felt that our rules should be updated to reflect the realities of the day and not be purely masculine-oriented. Possibly, this should have been done in 1930 when it was recognized that women were entitled to be senators, but it was not done at that time. Better late than never.

Senator MacEachen: It was a matter of sober second thought.

Senator Molgat: Referring to the specific report, in the left-hand column, we refer to the present rule. In those present rules, we have put all the words which it is proposed should be changed in italics, with the exception of "*pro tempore*." It is standard practice that that word is shown in italics. All other words, where there is a change, are shown in italics.

Then, in the right-hand column, in the proposed amendments, we have underlined the new words which will replace the words in italics in the left-hand column.

This does present a problem at times because we could end up using most complicated and inelegant language.

The committee attempted in its drafting to make this as clear and as uncomplicated as possible. I must confess that there are certain instances where it is not the very best of language, but it is the best we could do. We stayed away from the terms "he or she" and "his or her" wherever we could. I believe that only in one instance were we forced to use the term "himself or herself" which I certainly do not like insofar as wording is concerned, but it was the only way we could approach this change. Elsewhere, we did our best to use the general term, "the Speaker," "the senator," or whatever could be used to accomplish our goal.

I believe the result is a reasonably good English presentation within the constraints of what we are trying to accomplish.

[*Translation*]

Let us now refer to the French text. We followed the same rules. We are trying to make sure that the use of the masculine or feminine gender is as correct as possible.

I must say that we began with the question: Should we use the word "sénatrice"? On that question I consulted people who do not sit on our committee. I consulted some of the female senators who assured me that they did not particularly want the term "sénatrice" to gain wide acceptance. The word "sénateur" is an accepted word. French grammar being different from English grammar, they did not think there was any objection to keeping the word. For example, we do say "la Chambre". We are not trying to change and say "le Chambre". "La Chambre" is clear, it is feminine of course. The word "sénateur" is a general word which applies to any person who is a senator.

Hon. Royce Frith (Deputy Leader of the Opposition): As does "le Président".

Senator Molgat: As does "le Président". So we rejected the use of the word "sénatrice". We recommend the use of the word "sénateur" to designate any senator, man or woman.

Senator Frith: Not "la présidente".

Senator Molgat: Not "la présidente" either, but "le président". I appreciate that it is a moot point. That is why I proposed, when I presented my report, to wait for some time so that my Senate colleagues would be able to examine the report and decide whether they agreed.

Let us now refer to the *Debates of the Senate* of Wednesday, November 6, page 1471. You will find the present rule in the left column and the proposed amendments in the right column. With the exception of "pro tempore", all italicized words in the left column have been changed. They are replaced by the underlined words in the right column.

You will find in the right column a number of sections which are followed by an asterisk. This indicates that the section has not been changed. There is no change in the French text. It is there simply to indicate that there is a change in the English text.

Again, we have tried to make the language as elegant as possible. I must confess that, in a number of cases, we could not avoid some clumsiness. For instance, section 17 states:

> "Que les étrangers soient sommés de se retirer"; du reste, le Président du Sénat, ou le président du comité plénier, peut toujours, si le Président du Sénat, ou le président du comité plénier . . .

So much for elegant language. My colleagues and I were not satisfied with this formulation, but that was the best we could find.

In spite of this, I think that in general we have stayed away from affected speech, we have used throughout the expression "le sénateur" instead of the pronoun "lui". The end results are rules which are clear and yet apply to both men and women.

Now, I must admit that some have suggested that these changes were not necessary and that the pronoun "lui", for instance, when referring to a senator or to the Speaker, could apply in both cases.

I admit that I am not a French grammar specialist. In fact, when I tabled the report, I proposed that some of my colleagues who are indeed specialists and who know French better than I do have a look at it. If they have suggestions to make, I am sure our committee will be prepared to entertain them.

That being said, I move that we adopt these new rules as proposed, unless other senators have better proposals to make. I think that what we propose is quite acceptable. We have experienced less difficulty in this area than the House of Commons did when it tried to change its Standing Orders. I think that the total result of what we are proposing is superior to what the House of Commons could do.

I move that the report be concurred in.

Hon. Eymard G. Corbin: Honourable senators, if I may, I would like to ask a question to Senator Molgat.

Senator Molgat: On condition that it is not on a grammatical point.

Senator Corbin: It has nothing to do with grammar, honourable senators. I would like to know whether, before agreeing on the text it is now proposing, the committee or its experts had an opportunity to compare our own text and the proposed changes with the texts in use in French, Belgian or Swiss institutions, for instance? Did they do this?

Senator Molgat: I cannot guarantee that all the rules were compared. We certainly looked at the practice in Quebec and in France as far as general terms and the use of the masculine and feminine genders are concerned. What we propose is quite in line with the practice in these other jurisdictions.

On motion of Senator Molgat, report adopted.

• (1610)

[*English*]

MOTION FOR ADOPTION OF SIXTH REPORT OF STANDING COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the sixth report of the Standing Committee on Standing Rules and Orders (Committee Reports), which was presented in the Senate on Wednesday, November 6, 1985.

Hon. Gildas L. Molgat moved that the report be adopted.

He said: Honourable senators, when I presented the report of the committee earlier in November, I suggested that I would rather wait until such time as Senator Godfrey was present in the chamber before we discussed it, since the proposal had originally been made by him. He is now present and I suggest that we proceed with the discussion.

The report of the committee will be found on page 1475 of the *Debates of the Senate* of November 6, 1985. It is a very short report.

Senator Godfrey had made a proposal based on a rule change that was made in the House of Commons some time ago. As honourable senators will know, Senator Godfrey has made a number of such proposals. We have not, by any means, accepted all of them, nor have we taken the position that, because the House of Commons has done something, it is necessarily a good thing for the Senate to do it or, indeed, *vice versa*, that we should refuse to do something here because it is done there. In this instance, we have examined the matter in general terms as to whether it would be an appropriate rule for the Senate. We came to the conclusion that, indeed, it would be a useful rule for the Senate.

It is true that the Senate does have and has used another mechanism by which to get responses from government. That mechanism has been to request ministers to appear before committees of the Senate. This has been done successfully by a number of committees, which have then produced a report, after which they have waited some months and requested that the responsible minister come to discuss the report and indicate whether he agreed or disagreed with it. That, however, is a general approach.

Upon looking at the situation, our committee felt that it might be well to include this rule, because it would normally provide for a written report by the government.

Honourable senators will know that we are further faced with the problem of the joint committees. In the case of the joint committee with which I am particularly familiar—that is, the Special Joint Committee on Senate Reform—we found ourselves, at the specific request of members of the House of Commons, urging the government to implement our recommendations as soon as was practicable and requested, pursuant to Standing Order 69(13)—which has now been changed to 70(13)—a comprehensive response to this report. In other words, we found ourselves on this occasion, as senators and as members of a joint committee, requesting some action under a standing order of the House of Commons. That did not seem to our committee to be a logical position for the Senate to find itself in, and it was felt that it would be more appropriate if the Senate had the same rule which could be invoked whenever a committee of the Senate felt it was the proper thing to do.

• (1620)

We recognized that the argument could be made that neither house has any authority to order the government to do anything. We can pass laws together to order the government to do things, but neither can do it as an individual house. We cannot tell the government to do this or that. Nevertheless the House does have that rule, and it has had it since one of our colleagues, Senator Lefebvre, made a report some years ago when he was a member of the other place and chairman of the committee on the reform of the other place. I believe that was the genesis of that rule, and it seems to have worked quite well for the House of Commons.

So we are proposing a rule identical to the present rule in the House of Commons. It is almost identical in wording, but there are slight variations. Where they refer to standing or special committees, we simply say "any committee of the Senate." Essentially, it is rule 70(16), which can be found at page 65 of the Standing Orders of the House of Commons.

Again I recommend to honourable senators the adoption of this report.

Hon. Joan Neiman: Would the honourable senator permit a question?

Senator Molgat: Certainly.

Senator Neiman: The honourable senator mentioned that this was the identical wording to the rule of the House of Commons on the same matter. I am rather curious about it. Is the restriction "within 120 days" the time in which the government must table its response; and, if so, what happens if the request is not made until the 119th day? The wording appears to me to be rather curious. I know what the honourable senator is getting at, but who is restrained by the 120 days?

Senator Molgat: I suppose that really it is a request that the government respond within four months. The government would have that period of time during which it could respond whenever it so wished. In the case of the Senate reform committee, I believe the response came within 60 days. It is simply setting a deadline in the hope that it will be adhered to. The question might well be asked: What happens if the government does not act? I suppose it would be within the power of the Senate, if we used the rule, for an honourable senator to rise and say, "We have requested a reply from the government and the reply has not come forward. Why not?" It is my understanding that in the House of Commons the government has responded and that this has not caused any difficulties. As to what sanctions could be imposed, I do not know.

Senator Neiman: You are stating, then, that the request for a reply would come at the time the report was tabled.

Senator Molgat: Yes.

Senator Neiman: That is assumed.

Senator Molgat: Yes. The practice that has been followed, as I understand it, is that when a committee completes its report, it has within its report a clause saying, "We request a response from the government under order so and so," and it follows automatically from there.

Hon. Duff Roblin (Leader of the Government): Honourable senators, if no other honourable senator proposes to speak on this topic this afternoon, I would like to adjourn the debate. May I ask the indulgence of the house by saying that I may not be able to take it up again in the very near future. So if any other honourable senator wishes to take part in the debate before I am able to do so, they should feel free. I might say that I am likely to move to amend it, so there will be all kinds of opportunities to speak.

On motion of Senator Roblin, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 4, 1985

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

Prayers.

THE ESTIMATES, 1985-86

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) PRESENTED AND PRINTED AS APPENDIX

Hon. William M. Kelly: Honourable senators, I have the honour to present the tenth report of the Standing Senate Committee on National Finance respecting its examination of the expenditures proposed by Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1986. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report see appendix, p. 1646.*)

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

On motion of Senator Kelly, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

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

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

He said: Honourable senators, there seems to be a possibility that the Senate will be sitting this evening. Therefore, I would need to have the permission of the Senate for the Standing Senate Committee on Banking, Trade and Commerce to proceed as scheduled with its meeting at 8 o'clock. I may say that we are intending to commence a pre-study of Bill C-84. We have witnesses from the Department of Finance and our technical advisers from out of town coming here for that purpose.

Therefore, against the possibility that the Senate will be sitting this evening, I ask leave to move that the Standing Senate Committee on Banking, Trade and Commerce have the power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

NORTH ATLANTIC TREATY ORGANIZATION

THE NETHERLANDS—REMOVAL OF NUCLEAR WEAPONS FROM AIRCRAFT—ATTITUDE OF GOVERNMENT

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I want to ask the Leader of the Government a question which arises out of a meeting of the NATO defence ministers held in Europe this week. Reports in the newspapers state that the NATO defence ministers took exception to the decision of the Government of The Netherlands to remove nuclear weapons from certain of its aircraft. Lord Carrington is quoted as saying that the action taken by the NATO defence ministers was desirable and necessary.

What was the attitude taken by the Government of Canada? Did it join the other defence ministers in chiding The Netherlands for doing what Canada had already done, or did it come to the assistance of The Netherlands and support that country in following what has now been established as Canadian policy?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have no report as yet with respect to the NATO defence ministers' meeting to which my honourable friend refers. I will make an inquiry.

CANADA'S CULTURAL INDUSTRIES

CRISIS IN PUBLISHING INDUSTRY—MOTION TO ADJOURN UNDER RULE 46(g) TO CONSIDER MATTER OF URGENT PUBLIC IMPORTANCE

Hon. Jerahmiel S. Grafstein: Honourable senators, I move, seconded by the Honourable Senator Hébert:

That the Senate do now adjourn for the purpose of raising a matter of urgent public importance, namely: the crisis in Canada's cultural industries accelerated by the Government's failure to define assurances and set guidelines safeguarding the cultural industries in trade talks with the United States or to exclude cultural industries from the trade talks with the United States, and to urge the Government to refuse approval of the Prentice-Hall, Ginn and Company and Copp Clark sales which approval would undermine, disrupt and foreclose the fragile Canadian market for Canadian authors and Canadian books.

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

That the Senate do now adjourn for the purpose of raising a matter—

An Hon. Senator: Dispense!

Hon. Jacques Flynn: No. I would like to know what we will be talking about.

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

That the Senate do now adjourn for the purpose of raising a matter of urgent public importance, namely: the crisis in Canada's cultural industries accelerated by the Government's failure to define assurances and set guidelines safeguarding the cultural industries in trade talks with the United States or to exclude cultural industries from the trade talks with the United States, and to urge the Government to refuse approval of the Prentice-Hall, Ginn and Company and Copp Clark sales which approval would undermine, disrupt and foreclose the fragile Canadian market for Canadian authors and Canadian books.

According to the rules of the Senate, before calling on senators to speak to the substance of the motion, I will hear honourable senators on the urgency of the debate.

● (1410)

Hon. Duff Roblin (Leader of the Government): Honourable senators, speaking to the point that has been raised, I would like, first of all, to thank someone for giving my colleague, Senator Flynn, a copy of the resolution. I am sure that some of the rest of us here would be pleased to have it as well, so that we can understand what is proposed for debate.

I am going to surprise some of my colleagues, perhaps, by reserving my position on the question of urgency. If we were to debate that, I would suggest to the Senate that we should consider our rule with respect to debating a matter of urgent public importance in light of the general custom followed by all other legislatures that I am aware of in the British Commonwealth of Nations with respect to the method by which they decide what is and what is not urgent. I am not going to advance that argument at present, although I reserve the right to do so later today or at some other time. However, I wish to offer a suggestion.

In principle, while I do not accept the suggestion that the time element is so urgent that this resolution should be debated before any other business is dealt with, I agree that it is an important public matter. There is no way in which I would be anxious to prevent the Senate from discussing this urgent public matter in the most convenient and suitable way.

Leaving aside the parliamentary question of the urgency of time of debate, I would suggest to the Senate that customarily it does not take us more than an hour or perhaps two hours to dispose of the items on our order paper, and there might be some merit in proceeding with the order paper as it stands. There is a number of government items of business on it that I would like to have advanced one stage. When we have reached either the end of government business or, if honourable senators wish, the end of the Orders of the Day, we could then take up this matter and debate it, taking as long as we like to discuss it, while not interfering with the normal business of the Senate.

The reason for the urgency rule as employed in other legislative bodies is essentially in order to ensure that the normal proceedings of the organization are not interrupted unduly by the presentation of matters of urgent public importance that take precedence over everything else that is going on. As I say, I am reserving my argument on that point, but in the interest of practicality and in the interest of trying to oblige those who want to debate this issue and, at the same time, so as to take care of the government's interest in having its business dealt with today, I would propose that we proceed with the order paper as it stands and, either at the end of government business or at the end of the order paper itself, which usually does not take much longer, we could raise this question of cultural policy and proceed with the debate. Following this suggestion would mean postponing the debate perhaps for an hour or so but, all things considered, I do not think anything much is lost by that and it might be convenient for the Senate to adopt this suggestion and deal with this matter when we finish our regular business.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the suggestion made by Senator Roblin that before debating this motion and, as I understand it, even before debating whether we are going to debate the motion, we proceed with government business is not the most orderly way of proceeding, although the idea—

Senator Flynn: Oh, come on!

Senator Walker: Really!

Senator Frith: I did not realize that what I was going to say was going to be that controversial. Perhaps I could finish the sentence and then you can start hooting and hollering.

While the suggestion of not actually debating the motion until after government business is sensible, I think our procedure should be in accordance with the precedent which is of long standing and which was confirmed as recently as November 6, 1985, on a motion by Senator Argue to the same effect,

that is, with respect to an adjournment to debate a matter of public importance. According to the precedents, the Speaker should put this question: "Is it your pleasure, honourable senators, to debate the motion?" Then, of course, we can debate the question, but eventually the motion for adjournment should be put.

I do not know why Senator Flynn is shaking his head. How many times do we have to go through this?

Senator Flynn: Come clean—do you agree with the suggestion or not?

Senator Argue: Give him time to agree with you.

Senator Frith: The suggestion that we now proceed to Orders of the Day and discuss this question later I do not agree with. The substance of the suggestion—namely, that we deal with the Orders of the Day before dealing with this debate—I do agree with. Therefore, I suggest that we proceed in the proper order, which is that the Speaker put the question: "Is it your pleasure, honourable senators, to debate the motion?" If we say "yea", then I suggest that we have unanimous consent to adjourn the debate on the motion itself until after the Orders of the Day.

Senator Roblin: I do not see much difference between that suggestion and what I suggested, except that we will have a debate on the question of urgency now.

Senator Frith: That is correct, and we will vote on the question: "Do we wish to debate the motion?"

Senator Roblin: However, we have to remember, honourable senators, that if we do that and agree that we are going to debate, and if the motion is put for debate, we are then debating a motion to adjourn. We can do what we like if we get unanimous consent, but if we do not get unanimous consent we are stuck with it and we are going to have to debate it.

If *La Presse* is any reasonable source of how long we are likely to debate it, it is for some time. I do not know why my honourable friend does not agree with me that we get on with government business so that we can debate the question of urgency afterwards. I have to admit that there are 25 or 26 senators on this side—and they are almost all here, I am happy to say—and a considerable number more on the other side. If sweet persuasion on my part fails to move my honourable friend, I know that numbers will not do so.

I think it would be just as expeditious to adopt my original suggestion. I hope that my honourable friend is not proposing an alternative just to be different. I suppose that that would be unkind to think, but I do not know why we cannot proceed as I have proposed. However, if my suggestion does not meet with the approval of honourable senators, I have to admit that I control no majority here and I am bound to do whatever the Senate decides.

Senator Frith: Honourable senators, the difference is simply that the rules provide that this motion be made before Orders of the Day. Our precedents establish that when the motion is so made, it is up to the Speaker to simply ask: "Is it your pleasure, honourable senators, to debate the motion?" That is clear from the precedents. That is why I think it is the right way to go about it. That is why I suggest that we will come to the same result yet do it exactly as is provided for by precedent. I think that is the way we should proceed.

Senator Flynn: It seems to me that the Leader of the Government has suggested that, with unanimous consent, this motion will be put on the Orders of the Day of this date. After we deal with government motions, with unanimous consent we can do whatever we want.

Senator Frith: Oh, well, that is different. If that is what I am hearing, that is fine.

Senator Flynn: That is what you should have heard.

Senator Frith: The reason I did not hear it is because it was not said. If what is being said is that, if we have unanimous consent now, this motion will be debated at the end of government business, then that is fine. But that is not what your colleague said. He said that we would debate later whether we were going to debate it. I accept Senator Flynn's suggestion without difficulty.

Senator Roblin: Honourable senators, I can see the substance of an agreement here. We have the substance of an agreement because now my honourable friend understands what I was trying to tell him. I reserved my decision in connection with the question of urgency not because it related to this matter but as a matter of general principle. But I said clearly that we did not wish to stand in the way of the Senate debating this subject this day if it so wished. We have no objection to that. The question of its urgency, in the sense I am talking about, will not be raised by me when the matter is re-introduced after the government business has been dealt with. All that I am trying to say is that I am not conceding the point. I am simply saying that in this instance I am prepared not to raise it but to proceed with the debate.

• (1420)

Hon. Lowell Murray: Honourable senators, may I suggest that my honourable friends opposite might use the time at their disposal in the next little while to circulate a copy of this motion in the French language? I find it rather extraordinary that these champions of Canadian nationalism and Canadian culture are circulating motions in one language only.

Some Hon. Senators: Hear, hear.

Senator Frith: Honourable senators, if we have an agreement that the motion will be debated, then, in effect, we have agreed that to the question "Is it your pleasure, honourable senators, to debate the motion now?" the answer is "No, not now, but later today." That is quite satisfactory—

Senator Flynn: You will have to have leave.

Senator Frith: I am asking for leave. I suggest that with unanimous consent we proceed in that way. We take it that the question "Is it your pleasure, honourable senators, to debate the motion now?" has been put. The answer is "No, not now, but later, after the Orders of the Day." I suggest that, since no

inquiries are proceeding, we do it at the end of Inquiries and before Motions.

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* Honourable senators, so long as we have a motion before the Senate, I have to put the question.

Is it your pleasure, honourable senators, that we debate the motion now?

Senator Frith: Your Honour, I suggested with leave, with unanimous consent, that it is our opinion that we wish to debate the motion not now but at the end of the Orders of the Day, at the end of Inquiries and before Motions; and I so move.

The Hon. the Speaker *pro tempore:* Honourable senators, is it agreed?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* I wish to inform honourable senators that we have a copy of the motion in both English and French.

CUSTOMS BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Balfour, seconded by the Honourable Senator Bélisle, for the second reading of the Bill C-59, intituled: "An Act respecting Customs".—(*Honourable Senator Barrow*).

Hon. A. Irvine Barrow: Honourable senators, I would like to congratulate Senator Balfour on his able presentation of Bill C-59 on the motion for second reading. This legislation, Bill C-59, an Act respecting Customs, is long overdue and represents a complete overhaul of the present Customs Act.

The Customs Act is one of the oldest federal statutes on the books. Indeed, it dates from the horse-and-buggy era of our history, decades before the advent of the transcontinental railway which bound the British colonies of North America together into one market. The legislation, of course, has been amended piecemeal on many occasions since then, but it has never been really completely rethought or restructured. As a result, our existing legislation is a patchwork quilt, the necessities of modern economy having been superimposed on a time-worn and outdated fabric. The legislation is couched in archaic terms and is replete with obsolete provisions.

The Liberal government recognized the importance of a new act to a Canada which has become one of the great trading nations of the world. Revenues collected by Customs and Excise in 1984-85 totalled more than $18 billion, of which some $5 billion derived from the importation of goods. This $18 billion accounts for roughly one fourth of total federal revenues. In addition, Customs each year oversees some 10 million commercial import and export transactions. The Liberal government introduced the first comprehensive draft of formal legislation in April 1978. The most recent previous draft was tabled as Bill C-6 in January of last year. Both bills died on the order paper when general elections were called.

The bill before us today owes much of its inspiration to these earlier drafts. The proposed legislation seeks to accomplish a number of objectives: the elimination of provisions which are obsolete or inconsistent; the restructuring of the act in a logical sequence; the provision of greater flexibility to enable us to respond to modern developments in the international movement of goods and persons; and the modernization of measures dealing with the enforcement and collection of revenues. Throughout the bill, and in particular as regards the powers of enforcement and collection, an attempt has been made to take into account the implications of the Charter of Rights and Freedoms.

It is not my intention to outline in any detail all the legislative changes contained in the bill, but I would like to refer to some of them. In the current law the procedures governing the reporting of persons, goods and conveyances entering or leaving Canada are prescribed in some 30 sections scattered throughout the act. The bill reduces and codifies these measures into four essential sections which are covered in sections 12 to 16. Furthermore, the bill consolidates the more than 80 sections of the act dealing with contraventions. The bill rationalizes the powers of search and seizure and eliminates the writs of assistance pursuant to which customs officials were authorized to enter premises, search and seize any goods reasonably believed to be liable to forfeiture under the act. Under the existing law, customs officials are not allowed to seize or open any mail under 500 grams, which is the legal definition of a letter. This limitation has encouraged the illegal and unchecked importation of contraband, most particularly illicit drugs. By allowing customs officials to open all mail over 30 grams, the bill closes this loophole without overly exposing private correspondence to interception. The power to open mail in excess of 30 grams, however, is limited to cases where there are reasonable grounds to suspect that illicit matter is being imported.

The bill provides for the posting of security for the amount in dispute in lieu of immediate payment in the case of disputed taxes. Furthermore, interest will now be paid to the taxpayer on any amounts owing by the Crown as well as being charged on any amounts owing to the Crown. The bill provides for ongoing parliamentary review of the new act and expressly prescribes a comprehensive review of its provisions and operations within five years of its coming into force.

While the principles of this bill are acceptable, a number of specific concerns that deserve careful consideration have been raised. The Customs Excise Union is particularly concerned over the provision in clause 32(4) which provides for the release of mail shipments prior to full accounting and payment of duties. Although the government has a pilot project in operation, it is too early to determine any concrete results, and the union fears that the adoption of this honour system for the payment of duties will increase the collection workload for

customs officials at a time when government is proposing significant staff cuts. It contends that this system will encourage the non-payment of duty and result in a considerable loss of revenue. The increased scope for mail openings is also expected to add to the workload, and the union questions the ability of its members to carry out their tasks effectively without an increase in staff. The customs brokers, another group, are concerned that under clauses 17, 18, and 19 they may be held jointly and severally liable with their clients for the payment of any outstanding duties. Because they are acting as mere agents, the customs brokers believe that they should be specifically exempted from any possible liability. Under clauses 60 to 63 of the bill, the department is afforded a general two-year period within which to make a re-determination for tariff classification or re-appraisal of value for duty. The taxpayer, in turn, is generally limited to a 90-day period within which to launch an appeal. This disparity has been criticized. A uniform time limit has been recommended for both parties.

Honourable senators, these and other concerns should be carefully examined in committee. On balance, however, the bill is a good one. It is the culmination of many years of thought and deliberation; it is the product of extensive consultations with the private sector. Subject to a few minor reservations, the bill has been favourably received by those most affected by its measures. It is a long overdue and welcome piece of legislation that should be dealt with expeditiously. If the mover refers this bill to the appropriate committee for consideration, we will be most happy to support such action.

Hon. R. James Balfour: Honourable senators—

The Hon. the Speaker *pro tempore:* I wish to inform the Senate that if the Honourable Senator Balfour speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Balfour: Honourable senators, in rising to close the debate on second reading of this bill, I agree with the suggestion of my colleague that the bill be referred to committee. I will so move at the appropriate time.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Balfour, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

MARRIAGE (PROHIBITED DEGREES) BILL

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE—ORDER STANDS

On the Order:

Consideration of the Sixth Report of the Standing Senate Committee on Legal and Constitutional Affairs on the Bill S-2, intituled: "An Act to amend and consolidate the laws prohibiting marriage between related persons", presented in the Senate on 26th November, 1985.—(*Honourable Senator Neiman*).

Hon. John M. Godfrey: Honourable senators, on behalf of Senator Neiman, I ask that this order stand until Tuesday, December 10, 1985.

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

Hon. Senators: Agreed.

Order stands.

STANDING RULES AND ORDERS

SIXTH REPORT OF STANDING COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Hicks, for the adoption of the Sixth Report of the Standing Committee on Standing Rules and Orders (Committee Reports), presented in the Senate on 6th November, 1985.—(*Honourable Senator Roblin, P.C.*).

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have the adjournment on a similar motion dealing with our rules in the fourth report, which I have asked to be stood until a later date. I believe it is sometime next week. I would like to have the same privilege with respect to this order, although if there are any other senators who would like to speak on it now, I would be glad to have them do so.

Order stands.

[*Translation*]

TRANSPORTATION OF DANGEROUS GOODS REGULATIONS

FOURTH REPORT OF STANDING SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS ADOPTED

On the order:

Consideration of the Fourth Report of the Standing Senate Committee on Transport and Communications (subject-matter of the Transportation of Dangerous Goods Regulations), presented in the Senate on 27th June, 1985.—(*Honourable Senator Langlois*).

Hon. Léopold Langlois: Honourable senators, your committee examined the subject matter of the Transportation of Dangerous Goods Regulations and presented an interim report on June 27 of this year.

During this first stage of the proceedings, the committee held eight public sittings, in the course of which the Minister of Transport and his officials testified. The committee also heard representatives of ten public and private agencies and received many briefs.

I may point out that both testimony and briefs placed great emphasis on the effective date of the regulations. Some groups insisted the date should be postponed, for periods varying from

two months to one year. Other groups, including representatives of the Canadian Association of Chiefs of Police, felt that the regulations should become effective as scheduled, that is, on July 1, 1985. The committee decided against recommending that the date be changed, and the regulations have been in effect since July 1, 1985.

Another major concern arose from the fact that the regulations contained provisions that differed from existing regulations in the United States for the transportation of dangerous goods between our two countries. Subsequent negotiations conducted by both governments were able to correct this situation. Furthermore, the United States intends to review its regulations to make them conform to international standards, as is the case in Canada, since July 1, 1985. Also, until the American regulations are revised, Canada has agreed to authorize the use of American standards for the transportation of goods between both countries. Last October, the U.S. Department of Transport published its final draft regulations. It would seem that generally, the regulations in both countries for the transportation of dangerous goods will be fully compatible.

Finally, the committee pointed out in its interim report that the question of staff responsible for enforcing the regulations has not yet been settled. Considering the importance of dealing with this matter to improve public safety, the commmittee has recommended setting a very high priority on this problem.

Since the report was tabled, a number of people have made known their intention of testifying before the committee, including: David Estrin, a lawyer with the Canadian Bar Association, Ontario Branch, and author of a book on the transportation of dangerous goods, Hélène Gagner, legal adviser with the Insurance Bureau of Canada, W. B. Voutt, Chairman of the Hartford Insurance Contracts and Liabilities Committee and B. McCormick, Chairman of the Automobile Committee at Chateau Insurance.

Honourable senators, the committee intends to continue its work and will table a final report in the near future, probably before the beginning of the new year.

Honourable senators, I move that this report be now adopted.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*English*]

CANADA'S CULTURAL INDUSTRIES

CRISIS IN PUBLISHING INDUSTRY—MOTION TO ADJOURN UNDER RULE 46(g) TO CONSIDER MATTER OF URGENT PUBLIC IMPORTANCE

The Hon. the Speaker *pro tempore:* We now come to the motion already placed before the Senate by the Honourable Senator Grafstein. As I said earlier, I will listen to senators on the urgency of the debate, and after that has been decided upon I will listen to senators on the substance of the motion.

[Senator Langlois.]

Hon. Jacques Flynn: I think we have agreed to debate the motion without the Chair having to make a ruling on the urgency of the debate.

Hon. Royce Frith (Deputy Leader of the Opposition): That is agreed.

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

Senator Flynn: Honourable senators, I rise on a point of order regarding the wording of the motion. This motion is brought under rule 46(g), which is fine, but part of the motion reads as follows:

> —the crisis in Canada's cultural industries . . . and to urge the Government—

That does not match. If the motion contained the words "and the necessity for the government", that would be more appropriate, but the word "urge" does not match with the definition of "crisis".

The same applies to the French version of the motion.

[*Translation*]

You describe a crisis and suddenly say "and to urge the Government". First, you have a noun, and then, you have a verb. It is not well balanced.

I believe that the motion should be rephrased because the purpose is simply to have a debate, not to have the Senate take a firm position. It is not a motion to have something done, but to have something discussed.

Hon. Royce Frith: I think that Senator Flynn is right. I believe that we could accept a grammatical change, and also a change in the text of the motion. It would be better to say, for instance:

[*English*]

"trade talks with the United States and the urgent need for the government to refuse", would be more appropriate. I think Senator Flynn's point is well taken. If the mover agrees with that, I think the Senate will agree to the change.

The Hon. the Speaker *pro tempore:* Is it agreed that the motion be amended as suggested?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* What about the French version?

[*Translation*]

What about the French?

Senator Flynn: *Mutatis mutandis.*

Senator Argue: The same applies.

[*English*]

The Hon. the Speaker *pro tempore: Mutatis mutandis.*

I now call upon the Honourable Senator Grafstein.

Hon. Jerahmiel S. Grafstein: Honourable senators, crisis is often an over-used word. Is there a point of no return, a clean, clinically-defined, objectively-acknowledged moment of crisis where a country loses its national purpose? Or do nations die,

haemorrhage slowly, silently, quietly by suffocating their own national will?

We know in the Senate, as students of history, nation building the Canadian way was different; it was slow and painstaking. Our nationhood has still not matured. Our nation was conceived not in war or national catastrophe, but first as a negation, a rejection of the revolutionary experiment by our neighbours to the south, and then more recently by a slower diminution of our colonial ties to the British Empire.

It took Canada over one hundred years to patriate our Constitution, and what a cost that debate had—and with what effect upon our national agenda. Our colonial frame of mind has simply never left us. Yet the national idea is growing and flourishing in every part of Canada through our magazines, our art, our books, our fashions, in the print media and in the electronic media.

How, honourable senators can fairly ask, can one declare a crisis, elevating this matter to urgent public importance just when Canada's psyche appears to be maturing with poise and self-confidence? Is this a fallacy or a partisan stratagem, or is it truly a paradox? History teaches us that paradoxes abound at contradictory yet precise moments in history. Flowering of cultural activities was noted at the end of great periods of history—the Roman Empire, the Byzantine Empire, the Turkish Empire, the Hapsburg Empire and the Victorian Empire. Paradox lies in the fact that while our cultural activities and Canadian consciousness about culture appear to be very much on the rise, there are, at the same time, conscious and unconscious forces within our nation combining, conspiring for different reasons, both good and bad, to suffocate the fragile flame of our nation's independence by stunting our cultural growth as a nation. These forces are at work as surely as the forces were at work in Italy before Garibaldi, in Poland before Pilsudski, in Prussia before Bismarck. Strong, enlightened leadership foiled those forces. The elites in those countries believed that national consciousness was some other nation's business.

Our cultural industries, with all their failures, frustrations and successes, have grown in the crevices of the nation, on the borders of our economic map, on the shoulders of our economic highway and on the margins of our own economic marketplace. We have allowed others, by acts of omission or commission, to dominate our own marketplace of ideas and identity.

Last week the Senate debated the question of whether or not Billy Bishop was a hero. Listen to what author John Gray, who wrote the great Canadian play *Billy Bishop Goes to War*, declared in a recent speech to a gathering of cultural representatives in Kitchener. He said, «If we do not respect ourselves we'll become cultural cripples and parasites.»

Canada can become, in his words, «everybody's colony.» He warns that time is running out. He said that «distinct cultural identity is a luxury»; that «countries live and die». He said that «countries have a life span.» What John Gray was saying to the nation is that now Canada has to choose, and to choose, honourable senators, involves cost, and these choices are costly choices.

Prime Minister Mulroney's fanatic belief in economic and national salvation through an American/Canadian free trade agreement essentially accelerates the moment of decision for us as a nation. The choice to safeguard our cultural industries first is not an act of deprivation, not an act of censorship, not an embargo on, and not to place in quarantine the cultural goods of any other nation. Such is not the signal I believe the Senate of Canada should be sending.

Virtually every aspect of our cultural life is open and will remain open to the cultural goods and services originating elsewhere. We offer the most accessible open market for cultural goods originating in the United States, Britain, France, and indeed, from around the world. Yet a deep and broad consensus has developed in Canada that demands, while we move to liberalize trade, whether with America alone or with the world by the multilateral process, recognition that there is an even greater need, a pressing need—a new imperative—to sustain and enhance our cultural industries.

Prime Minister Mulroney refuses mindlessly, carelessly, to listen to the voices of Canadians who objectively declare at this time, at this place, at this stage of development in our national life, that cultural industries must be treated differently from all other aspects of our economic life. There is this great desire, this yearning desire, by Canadians to protect our cultural nervous system, our body and soul. This desire led Mr. Mulroney and his government to legislate and require in his beloved Investment Canada Act, special treatment for cultural industries.

What, then, honourable senators, is the crisis and what is the consensus? Why does Mr. Mulroney refuse to listen to this national consensus? We have reached a point of no return, a crisis widely recognized across the nation, as the nation is plunged mindlessly without safeguards, without guidelines, without assurances, into trade talks with the most powerful cultural force in the world.

Last spring the government crafted the start of its approach to trade talks with the United States. It agreed with Parliament to establish a special committee of the Senate and House of Commons to listen to what Canadians had to say about Mr. Clark's green paper on Canada's foreign policy and specifically about the Canada-United States trade questions. That joint committee, of which I was a member, together with Senators Flynn, Doyle, Stollery and Gigantès, and joined at times by Senators Haidasz and Nurgitz, as we travelled from coast to coast, listened to the voices, the fears and optimisms about a Canada-U.S. comprehensive trade pact. That special joint committee quickly produced a unanimous recommendation by all parties, including Senators Flynn and Doyle and members of the government party of the other place, and in that report to the Senate and to the House of Commons our unanimous recommendation was that Canada's cultural industries should be excluded from the negotiating agenda with the United States.

• (1440)

At a meeting last week in Ottawa hosted by Ministers Clark, Kelleher and Bouchard, representing the federal government, 25 hand-picked representatives of the cultural industries in Canada unanimously concluded and recommended to Minister Clark and his colleagues that Canadians were far more concerned with patriating the Canadian marketplace for Canada's cultural identity and cultural industries. Until our cultural industries could dominate our own marketplace, it would be unwise, they warned, and it would even be fatal, they argued, for Canadian cultural industries to be the subject matter of negotiations with the United States.

Last week at the First Ministers' Conference in Halifax there was a strong view expressed on this matter by many first ministers. Not only should the provinces be part of every aspect of the process of trade negotiations but they shared the view expressed forcefully by Premier Peterson, and not challenged by other provincial premiers, that the cultural industries should be treated as a separate and distinct matter in these negotiations.

Premier Peterson's view, representing the largest province of this country, joined the national consensus that we found in our special joint committee report that cultural industries should be excluded from negotiations at the trade talks. It is not unduly parochial for me to express the view, as a senator from Ontario, that Canadians in Ontario have prided themselves, falsely perhaps, that we put Canada first.

Last Saturday, Marcel Masse was reappointed to the federal government as the Minister of Communications. In a television interview last Friday he said that it was time to repatriate English Canadian culture from the United States. Minister Masse supports the state of crisis in Canada's cultural industries. He said:

> If I compare our situation to that of other countries, we are in serious difficulty.

Senator Haidasz: And how!

Senator Grafstein: When reporters reminded Marcel Masse that Joe Clark, in his absence from cabinet, had said that Canadian cultural industries would not necessarily be left off the bargaining table in trade talks with the Americans, he said:

> From what I understand of his public declaration, Mr. Clark has changed his approach a little bit, at least that's what I understand.

Immediately after his appointment, Marcel Masse made it absolutely clear to the media that he was back in the cabinet to take up the fight for Canadian cultural sovereignty where he left off two months ago. This suggests that the cabinet is divided if Minister Masse must define his work in cabinet on this question as a fight. He warned free traders who would deal out Canadian culture to Americans to watch out. Yet, this Monday in the House of Commons, Joe Clark again, in Marcel Masse's presence, refused to exclude cultural industries from the trade agenda. The newly recycled minister sat mute.

[Senator Grafstein.]

The consensus is overwhelming. We were told by Mr. Clark that the 25 hand-picked cultural leaders had been converted to participate in the trade talks. This is contrary to the unanimous views expressed by the 25 cultural representatives he hand picked for the meeting.

In this morning's *Globe and Mail* there was a letter written by Graeme Gibson, who is one of these 25 hand-picked Conservative cultural leaders. Here is what he said, responding to Joe Clark's remark that:

> They are prepared to work with the government in negotiations as we prepare our case.

Mr. Clark was referring to the trade case. This is what Graeme Gibson wrote:

> As a participant at that meeting I am surprised, and disturbed, by this description of our role in the upcoming trade discussions. We all tried, apparently in vain, alas, to persuade Mr. Clark that cultural matters must not be negotiable. Moreover, I suggested that if the Government did place culture on the bargaining table, it would encounter concerted opposition from our community.
>
> Since we seemed unable to persuade Mr. Clark, several proposals were made with the hope we might have better luck before it is too late. As I understand it, further discussions are anticipated so that we can try to convince the ministers that we have very little to gain and, most probably, much to lose if Canada insists upon negotiating cultural matters.
>
> We were unanimous in pointing out that it is not greater access to American markets that we need, but a fairer access to our own.
>
> At the same time, it was an intriguing and useful meeting. The ministers seemed generous in their desire to involve us. Nevertheless, if our Government does include cultural matters in «enhanced» trade discussions with the United States then I, and the people I know, certainly won't be working with it to prepare a case that we believe to be not only improper, but miserably shortsighted and dangerous. A great many others, some of whom were at that meeting, feel the same.

That is what a hand-picked cultural leader said of a meeting with the minister on this question.

The consensus is overwhelming. A committee of Parliament representing all parties, representatives of the cultural industries unanimously amongst the 25 leaders, a strong consensus among provincial premiers, declarations by members of the federal cabinet, all have concluded that Canada's cultural industry should be excluded from the negotiating agenda. Why the government's intransigence? Why fuel the flames of uncertainty by leaving the cultural industries in an even more fragile and exposed position?

If it is Mr. Mulroney's intention to remove cultural industries from the agenda once each country establishes its trade agenda, this would be deemed a trade-off. The trouble with trade-offs is that they always exact a higher price. By leaving cultural industries on the trade agenda, you foment and feed

the formidable lobbies anxiously awaiting a call to arms to the corridors of the United States Congress. The trouble with trade-offs is that we would be compelled to give up something at the cost of other sectors. These trade-offs then inflame passionate feelings among other sectors of our economy. You cause open warfare among Canadians. You open the cultural industries to yet another senseless attack by the modern materialists in Canada who believe that culture is always expendable, that culture support can always be reduced, that culture is unnecessary and that you cannot eat or live on culture.

Leaving the cultural industries on the trade agenda will detonate, then inflame national extremists. The chauvinist elements will make it even more difficult and more arduous a task to exercise public participation in any type of trade talks. This is no way to gain a consensus for a liberal trade policy. More importantly, while leaving culture on the agenda to be later removed, the costs increase and further damage is done to most of these industries struggling today to meet the competitive demands of our own fragmented marketplace.

The indecision, the confusion, the frustration and the polarization in the country is counterproductive and inconsistent with what Mr. Mulroney promised Canada, namely, harmony and civility among Canadians in all walks of life. The cost of indecision and the cost of confusion is a self-fulfilling prophecy further damaging and undermining Canada's cultural industries.

This government prides itself on being smart when it comes to business matters. It is simply not good business to leave cultural industries in a state of indecision. Would there be any fresh investment from Bay Street? Would there be a fresh entrepreneurial spirit? Would there be new commercial initiatives injected into the fragile cultural industries while they are left in a frozen state of suspended national indecisiveness? To proceed to put culture on the trading block now, Mr. Mulroney would yet again have broken his word to safeguard and protect the cultural industries. Mr. Mulroney appears to break his word to members of his own special task force, led by Messrs. Caplan and Sauvage, set up to examine broadcasting. They were told they had a deal, that decisions would not be taken that would pre-empt their deliberations. Placing cultural industries on the trading block at this time clearly pre-empts their recommendations, which are not due until next year.

• (1450)

Can the Canadian government take the cultural industries off the agenda without undermining or unravelling the trade talks, as Mr. Clark has suggested to Parliament? The simple answer is yes. Many precedents are available.

The Americans refused to put Star Wars on the agenda with Mr. Gorbachev in Geneva, yet a consensus was reached on other issues, including an approach to arms reduction, without loss of face for either side. He did it first, not afterwards. Europeans have treated cultural industries differently in the Common Market. Cultural industries are treated as services and have been historically excluded in their negotiations. In Geneva at GATT there is a similar restriction excluding services, which, to a large measure, means that cultural goods are not subject to GATT rules. Each European nation has a complex grid of protective devices by which to safeguard its cultural industries.

If the Americans can exclude Star Wars in discussions with the Russians, if the Europeans can exclude services in the Common Market and if GATT can restrict services which include cultural services in the General Agreement on Tariffs and Trade, then surely Canadians are not so weak or so impoverished as to think that to do so now would damage or prejudice our trade talks.

Negotiations on trade continue today and every day in every sector. Every day we talk about lumber, fisheries, agriproducts, steel and the list goes on. Can the government not see that to place cultural industries on the trade agenda and then immediately remove it would be plunging the government and Canada into a thicket of barbed wire? It would be condemned by an aroused army of lobbyists in America, fired by Congress, which would seek linkage and retaliation. It would be mauled and bloodied by vested interests in the vocal American cultural sectors, lusting to penetrate and dominate our market even more deeply.

This penetration can be contained. The best course, the intelligent course would be to exclude the cultural industries now. What can the Senate do? Over and over again I have been asked, since coming to this place, that question: What can the Senate do in such a situation? Should the Senate even raise its voice on this issue? I have been asked that question by my colleagues and by others. I say that if Parliament is the will of the people, let the Senate act as the conscience of the nation. Should not the Senate be a grand old cultural auditor general, ever vigilant in protecting and promoting the national idea? We are sent to this place from various regions to merge our regional interests in the national interest. Is our cultural soul not as important as our banking system? If the government of the day can ask the Senate to put the taxpayers at risk for over $3 billion to protect the Canadian banking system, what barricades should the Senate construct so that our national soul is not bartered away?

Joe Clark asked a joint Senate and Commons committee, some months ago, how cultural industries could be defined, should he choose at some juncture to exclude them from talks with the United States. One could remind Mr. Clark what the late Henry Armstrong, that great musician, when asked to define «jazz», said, «If you don't know what it is, I just can't tell you.»

Yet there are certain things that culture is not. Culture is not a fungus, artificially grown in the laboratory to be used in scientific experiments. Canadians, we know, have endlessly sought to define the crucial elements necessary to construct a Canadian identity. Tolstoy once wrote of art—and I think this applies to culture—that art is the education of the senses. For me, honourable senators, culture is simply the education system of ourselves as a nation. The cultural industries are those elements of art, music, theatre, books and media that act as the central nervous system of our nation. Yet we know from clear statistical evidence—economic facts that are undisputa-

ble—that the vital organs of our cultural nervous system have been pinched and stunted. When we look and when we feel, we see others, not ourselves. It is not an uncertain mirror, as Senator Davey suggested in the special Senate committee studying the media. No mirror is big enough or strong enough to reflect the narrow margins of our borders where our culture lives and thrives.

A commentator recently said on CBC that culture, perhaps like politics, is just an endless panel show. For me, better described is a cri de coeur by John Gray, who said in his speech in Kitchener some weeks ago, in recounting growing up in Canada, that he felt caught in a no man's land because it was British plays, British music and British writers, American plays, American music and American writers that had defined his existence. Only in the mid-1970s, John Gray said, when he discovered a Canadian-produced play entitled «1837», describing the uprising in Upper Canada, did he come to realize that there are strong Canadian feelings that could be dramatically displayed on the stages, the tiny stages, of our country.

Now our American friends have called for an equal playing field as a pre-condition to the liberalization of trade. All objective observers of Canada's cultural industries have agreed unanimously, in royal commissions, special Senate committees, special task forces, endless talk shows, the Canada Council, the CRTC—the list is endless—that the cultural industries have been relegated to playing on the sidelines of the Canadian field, leaving our playing field, our own marketplace, so open to foreign domination that we cannot compete even in our country with our powerful ally to the south. In what country in the western world, I ask honourable senators, can one find 80 per cent of a nation's publishing business in foreign hands? Have we doomed ourselves to be pygmies, smaller, tinier versions of what we can be as a vibrant nation?

Honourable senators, the crisis is clear. We must exclude the cultural industries from the trade talks. We must immediately repatriate the domestic marketplace for Canadian culture, and the place to start is where Marcel Masse said that it should start, that is with the Canadian book publishing industry.

Why this fuss about books? What are the facts? The facts, honourable senators, will astound you. The facts define the crisis. The following is an amazing tale of our country's book market. Canada, first of all, has been and probably always will be the most open book market in the western world. From the latest statistics available in 1983 we can extrapolate that each year Canadians spend over $1.2 billion on books. Roughly 50 per cent of that, or $600 million, is spent on foreign books that are imported directly into the Canadian marketplace. Of the $600 million spent on books published in Canada, approximately $500 million is spent on books written by Canadian authors that are published in Canada, and those books include texts, paperbacks, trade books, children's books, fiction—all books. This means that close to 65 per cent—almost two-thirds of every dollar spent on books in Canada—is spent on books from outside of Canada or reprints of foreign books within Canada, written by non-Canadians.

[Senator Grafstein.]

How does this state of affairs compare with that of any other country in the western world or any other country in the developed world? Two examples will suffice to show that.

In the United States, close to 95 per cent of the money spent on books is spent on those books written and published by Americans. In the United Kingdom, well over 90 per cent is spent on books written by British authors and published by British publishers. The situation is similar in France, Italy, Germany, Spain, China and Japan. Canadians, then, have the greatest choice and the fewest restrictions on entry of books into our marketplace.

The crisis intensifies as we examine the marketplace even more closely. By making a clinical examination, we discover how we came to this extraordinary state of affairs. Of the $600 million—representing roughly 50 per cent of all books sold in Canada—60 per cent is controlled by foreign-owned publishers in Canada and 40 per cent is controlled by Canadian-owned publishing houses. This means that only 20 per cent of the total book market in Canada is in the hands of Canadian-owned publishing houses. As one examines these figures more closely, one finds that the foreign-owned firms comprise only 14 per cent of all publishing houses in Canada. There are approximately 29 firms which are foreign owned compared to 173 firms which are Canadian owned, yet the 14 per cent foreign ownership controls over 60 per cent of the domestic market.

But the story is even more appalling as the numbers are brought into sharper focus. Sixty-four per cent of the elementary and high school textbook market, 72 per cent of the university post-secondary textbook market and 80 per cent of the scholar reference book market is controlled by the 14 foreign-owned firms. The textbook market, which is steady and predictable, is also more lucrative compared to all other sectors of the publishing business. Is it any wonder, honourable senators, that of the books Canadians read only one out of five is Canadian? In other words, one book out of five is written by a Canadian, while in the United States and the United Kingdom the figures are more than reversed. In the United Kingdom four out of five books are by British authors, by British publishers, and the same ratios apply in the United States. Americans read mostly American authors.

• (1500)

How do Canadian writers fare in their own marketplace, saturated, dominated by ideas and ownership from outside the country? It is estimated that writers in this country, full and part-time, earn between $5,000 and $10,000 per year—less than any student can make at a fast food, hamburger or pizza franchise in any town in Canada.

Does ownership make a difference? If ownership is in foreign hands in publishing, the evidence is overwhelming. Even though Canadian-owned publishing houses control less than 20 per cent of the total Canadian marketplace, almost 90 per cent of all Canadian-authored titles in Canada are published by Canadian-owned houses. In the adult non-fiction field, Canadian-owned publishers are responsible for over 91 per cent of all Canadian authored titles. Canadian ownership does

make a difference. Jean Chrétien's book *Straight from the Heart* has become a political best seller. It has sold over 100,000 copies. Last week Jean Chrétien told me that the book would never have been written had not Anna Porter, a Canadian publisher, sought him out and persuaded him that he had something to say, that what he would say would be printed, and what would be printed would be read; and Canadians have confirmed that decision.

Canadian ownership makes a difference in exports. In 1981 English language Canadian-owned firms exported books to the value of $103 million compared to $4.6 million exported by foreign-owned firms. The statistics get worse when you examine them. In other words, Canadian firms are better exporters of products from Canada by a large margin than those that are foreign-owned.

Is it not surprising that according to Statistics Canada, even though 60 per cent of the marketplace is controlled by foreign-owned books, Canadian publishers employ almost as many people as foreign-owned publishers in Canada? Canadian firms employed 2,325 employees in 1983 compared to foreign-owned publishers who employed 2,436. Canadian ownership does make a difference.

When one turns to Prentice-Hall, Ginn and Company, and Copp Clark—whose proposed sales are now being reviewed by Investment Canada—we find that those three foreign-owned firms represent sales close to 10 per cent of the domestic book marketplace.

Honourable senators will recall the statistical case that gave rise to the National Energy Policy which, at great political and economic cost to the nation, repatriated 10 per cent of our energy resources. That was a costly, and continues to be a very costly, exercise. There, in the energy field—and all Canadians accept that we should repatriate our energy resources—the domination was not as great as is the case with the current situation in Canadian publishing. There are 173 small, mostly under-capitalized, publishing firms seeking to exist in a fragmented marketplace, dominated by a few foreign-owned firms whose costs are lower because of the advantage of being subsidiaries of major foreign-owned firms. To approve these transactions is clearly to move energetically in exactly the wrong direction. Approval of these transactions are prescriptions for a country that has chosen no longer to remain a nation.

Is it small wonder that Marcel Masse, before his resurrection, chose to introduce a publishing policy that would halt the further erosion of the Canadian publishing marketplace? Will Minister Masse choose to reinforce that stand taken by Investment Canada which apparently has recommended that the sale of Prentice-Hall to Gulf and Western be refused? So the crisis is now. We have Investment Canada recommending to the cabinet that Prentice-Hall be turned down. Yet the government lingers. To approve that transaction would be to further concentrate our marketplace in foreign hands. Neither Investment Canada nor the government has any mechanism to enforce guarantees on undertakings—so I say, «Say no; say no» now.

Gulf and Western have a long history and experience in this country in cultural matters affecting Canada's identity. Prior to 1968 Gulf and Western had a substantial stake in Canada's growing cable industry. With the introduction of the Broadcasting Act in 1968 the tide was turned so that the cable industry was regulated and legislated to become Canadian-owned and Canadian-operated. Gulf and Western is still one of the largest exhibitors of films in this country through its ownership and control of Famous Players theatres. Gulf and Western understood and understands that Canadians have become increasingly concerned about transplanting any vital cultural organ.

To turn them down, would it be retroactive? It would be retroactive if the government chose now to emasculate its publishing policy. Gulf and Western is no innocent bystander. Anyone who would retain the former chairman of the Democratic Party in the United States, an outstanding lawyer, lobbyist and special trade representative to Jimmy Carter, is no innocent in trade matters. Mr. Strauss knows Canada and knows Canada well. Gulf and Western have a long experience in questions affecting our identity. So I say that it is not a new question for them. They are not caught off guard. They know our concerns. They had notice, they have knowledge. The threats by Gulf and Western's lobbyists and its representatives, with this background, should be put in proper perspective.

We have been told by the government, through the restored Minister of Communications, Mr. Masse, that he is prepared to take a stand and reverse the tide. This is the time and this is the place for him to proceed.

In August of this year Mr. Mulroney boasted that one of his major accomplishments since taking office in 1984 was the banning of foreign takeover of book publishers. Apparently he felt the publishing policy was a major commitment in 1984. This is where the Senate should urge Mr. Masse to stake out the border of Canadian identity, to roll back the map.

Why should book publishing merit our concern? Why should we give book publishing a paramount position? Any student of history in this chamber will concur that publishing is a vital sector. Book publishing is crucial to the life of our nation. We all know that in the beginning was the word. Yet if writers cannot publish, there are no words. If there are no words, there are no books, and if there are no books, there is no nation. Writers, we are told, are the guideposts to our progress. Books have defined nations. The late David Ben Gurion once wrote of books and nationhood, «We have preserved the book and the book has preserved us.» It was Disraeli who argued that a book was probably greater than a battle; and it was Martin Luther who declared at the start of the Protestant Reformation, «Here I stand»—and there he stood, on the written word. Northrup Frye, that great Canadian critic of literature, in his majestic book *The Great Code*, traced the source of all literature, all values in western literature, to one book, the Bible. Painstakingly he pointed out the importance of the written word as a means of measuring values, understanding symbolism, aesthetics, and, ultimately, the progress of civilization. «The literal level», Frye wrote, «hearing the word and seeing the text is at the centre of the

activity of the sense experience, the foundation of all knowledge. All correlations, relativity to truth, emanate from the written word.» Books, then, are the building blocks of civilization, are the building blocks of nationhood. How can any Canadian, who believes in the future of Canada as a nation, not be prepared to take extraordinary steps to ensure that publishing, the core of our society, is sustained, reinforced, protected and encouraged to grow? That is why we must take a stand and why we must say to the government, «Say no».

• (1510)

Words like «economic imperialism» should be applied with great care. Words like «cultural imperialism» should be applied with even greater care. I think it is safe to advise our American friends that Canada will remain the primary consumer for American manufactured cultural goods, and that this will not change. Canadians want access to the world's best entertainment and the best culture. We do not want to deny Americans nor the many aspects of their changing and exciting culture access to our marketplace. Americans need friends. America's interests require a deeper comprehension of our shared interests. America would be the first to recognize danger to itself if Canada's independence as a nation and as an independent ally were endangered. Honourable senators will recall how Americans reacted at the first flush of separatism in Quebec. America should understand that Canada's cultural roots should not be allowed to wither, deteriorate and disintegrate by too much saturation even from the Friendly Giant. Canada is a strong and independent ally. Is it not better for American interests for Canada to be seen as strong and independent, rather than as a puppet on the world stage dominated by American policy, American hegemony and American decision making? Has not America suffered and is not America suffering now from this deterioration of independence by states throughout Central America and South America?

We should send a message to Ambassador Gotlieb and to Ambassador Niles that threats of «scorched earth» are not threats that should be conveyed to strong, independent allies. Americans share our love of books and should understand that a strong and independent book publishing industry in Canada lies at the heart of America's long-term interests, just as a strong and independent book publishing industry in America guards the American flame.

Let me define for Canadians and Americans alike why Americans should want a strong and vibrant book publishing industry in Canada. We have already said that a strong book publishing industry means a strong country. America itself recognized this when it provided a clause in the American Copyright Act which requires American authors to publish in America if they wish to protect their copyright in America. The American book publishing industry became strong and vital based on that important clause. Americans should foster a strong and independent Canada precisely because a strong and independent Canada will share the same democratic and pluralistic values as the United States. Only a strong and independent Canada can spread those shared values throughout the world, at many times and in many places better, precisely because we are independent of America. America should be made to understand that it lies in America's strategic interest to afford Canadians full opportunity to define our shared values in Canada's own unique and distinctive way, the Canadian way. Canada can best support the American mission abroad the Canadian way because the Canadian mission for a democratic and pluralistic world parallels the American dream. To do so, both Canada and America must define carefully their mutual strategic interests integrating their importance and their priorities. If America's strategic interests lie in increasing economic traffic with Canada, encouraging our cultural independence should be a pre-condition to free countries such as Canada which share certain common democratic values.

[Senator Grafstein.]

The intelligent mind of America does not wish to harvest mindless replicants around the world. This is no model to set before those countries in the developing world who are now choosing their future, now choosing which system of government, which system of values, free or totalitarian, best represents their future. Both Canada and America favour pluralistic, free, democratic institutions. Both nations favour a move toward a more liberal approach to trade throughout the world. America should encourage Canada to become stronger, more culturally independent so that it can parallel America's efforts in fostering stable and democratic countries around the world.

Individual freedom and cultural identity lies at the root of the democratic idea as it lies at the root of democratic institutions. Writers and books are the heart of Canada's nervous system. America should be convinced not to be shortsighted, thereby affecting its own strategic interests. Canadian diplomats and Canadian representatives must become advocates of this position. Let us use American writers to support our case. Listen to what American writers have to say about the importance of the writer in their society. William Faulkner, a Nobel prize winner, who dug deeply into the American psyche wrote:

> I believe that man will not merely endure; he will prevail. He is mortal, not because he alone among creatures has an inexhaustible voice, but because he has a soul, a spirit capable of compassion and sacrifice and endurance. The writer's duty is to write about these things. It is his privilege to help man endure by lifting his heart, by reminding him of the courage and honour and hope and compassion and pity and sacrifice which have been the glory of his past. The writer's voice need not merely be the record of man. He can be one of the pillars to endure and prevail.

John Steinbeck, another great American author and Nobel prize winner for literature whose tales of pathos and dreams helped construct America's progressive social agenda wrote these words:

> The ancient commission of the writer has not changed. He is charged with exposing our many grievous faults and failures, with dredging up to the light our dark and dangerous dreams for the purpose of improvement.

> Furthermore, the writer is delegated to declare and to celebrate man's proven capacity for greatness of heart and spirit, for gallantry and defeat, for courage, compassion and love. In the endless war against weakness and despair, these are the bright rally-flags of hope and emulation.
>
> I hold that a writer who does not passionately believe in the perfectibility of man has no dedication nor any membership in literature.
>
> The present universal fear has been the result of a forward surge in our knowledge and manipulation of certain dangerous factors in the physical world.
>
> It is true that other phases of understanding have not yet caught up in this great step, but this is a part of the writer's responsibility to make sure that they do.
>
> With humanity's long proud history of standing firm against natural enemies, sometimes in the face of almost certain extinction, we would be cowardly and stupid to leave the field on the eve of our greatest potential victory.

That is what John Steinbeck had to say. So let us let Ambassador Gotlieb and Ambassador Niles enlist in our cause these great American voices, these great American writers of literature. Let them be joined by Canadian writers like Frye, John Gray, Christina Newman, Pierre Berton, Margaret Atwood, Mordecai Richler, Peter Timothy Finlay, Alice Munro, Margaret Lawrence, Gabrielle Roy, and new writers yet to come, as well as poets like Layton, Carman Johnson Pratt and our own Senator Jean Le Moyne, who is one of Canada's outstanding poets.

Hon. Senators: Hear, hear!

Senator Grafstein: Honourable senators, our case is simple. As our own Canadian culture expands and flourishes so does the American dream everywhere. This lies at the convergence of Canada's and the United States' strategic interests. The primary foreign policy issue for both Canada and the United States is how best to promote democratic values, how to foster democracy in a world that is shrinking rather than increasing its appetite for democratic institutions. Let us make the honourable Joe Clark a born-again convert to the Canadian idea. Only a growing Canadian idea can lend fuel to and can feed the flame of the American dream.

What can be done? Just to deny the Prentice-Hall, Ginn and Company and Copp Clark transactions will not change or alter the crisis in Canadian publishing. The Honourable Marcel Masse's book publishing policy is a useful first step if it is still government policy. It is clear that the cabinet is divided on this issue. If not, why did it not accept long ago what we understand to be Investment Canada's recommendation that the Prentice-Hall sale be refused.

If we refuse approval, what can be done to defuse the crisis? The following is a simple plan in a cost-effective way that would allow Canadian publishing firms to regain control of Canada's heart and soul. First, say no to Prentice-Hall, Ginn and Company and Copp Clark. Then:

(1) Increase our modest investment in the Canada Council in support of Canadian books by Canadian authors. Successful publishing companies and authors will repay this support through increased levels of taxable revenues.

(2) Expand the very modest existing government programs to market and distribute Canadian books.

(3) Establish tax-free cultural bonds, similar to tax-free municipal bonds in the United States, that would allow Canadian book publishers to consolidate and rationalize their industry. If we wish to imitate America, let us imitate their plan to help their towns and cities.

(4) Let the premiers, including Premier Peterson, put his record where his rhetoric is, through an aggressive textbook publishing policy that encourages Canadian-owned publishers' entry into the lucrative textbook market.

(5) Finally, enlist the CBC, both radio and television, to promote Canadian authors and Canadian books through public service announcements. Let each Canadian publisher, at his cost, prepare commercials for both CBC radio and television and let the national electronic highway promote Canadian authors and Canadian books from coast to coast on prime time. This will produce Canadian bestsellers. The CBC can produce Canadian bestsellers instantaneously through the power of the people's media.

Mr. Clark argues that elements in the cultural industries of Canada want greater access to the American marketplace. Listen to what Mr. Ronald Osborne, President of Maclean Hunter Limited, one of Canada's largest multi-media corporations with interests in print, magazines, radio, television in Canada, media interests in the United States and Europe, said on November 20 last in England to the Canadian-British Trade Association. These are his words as I have excerpted them from the speech he made on that occasion:

> With the gradual integration of our economies through the free trade process... the Canadian voice will of necessity become less important and less dominant in Canada. If we are not careful, that may happen. But I believe that is quite the reverse of what we should be seeking. If it has been important for Canada to have a free, independent and economically viable voice through the media in the past, how much more important will it be in the future with that gradual integration and the advent of free trade? It seems to me that the watchdog role, the auditor role and the public conscience role will be increasingly important; not less so. We must preserve an independent Canadian voice, while at the same time continuing to allow total access to Canada and Canadians of foreign voices. The best way to do this is ensure that free enterprise can survive in Canada...

And then he goes on to say:

> If this cannot be achieved, then the alternative is to abdicate this role to government—

His main point, he says:

> —is that the so-called cultural industries form a key component of the social fabric of Canada, just like the Canadian banking system, the Canadian legal system, the Canadian system of social justice, etc. We have compara-

tively few national forums for dialogue amongst ourselves. Those few that we have which are uniquely Canadian must be preserved at all costs—

Undoubtedly, I can also be accused of being self-serving. After all, Maclean Hunter has a fair amount at stake in this process. Let me assure you that Maclean Hunter is satisfied that it can certainly survive whatever comes out of the free trade negotiations.

Then he goes on to say that he is sure that this does not apply to others. He continued:

However, many Canadian cultural institutions will not have the ability to survive and do not have the financial wherewithal to wade through a massive upheaval in the cultural framework to which I have already referred—

He went on to say that he did not wish to be negative on free trade, but simply to convey the message that we should not barter away those very things that enable us to call ourselves Canadians.

Honourable senators, I would ask you now to listen to Mavor Moore, one of Canada's outstanding cultural leaders. In a recent article in the *Globe and Mail,* he raised an even larger question: If culture is the enhancer of self-knowledge, knowledge is becoming the most valuable commodity in the post-industrial era. Here is how Mr. Mavor Moore argues with the support of Kenneth Dye, the Auditor General of Canada and Walter Wriston, the former Chairman of Citibank, one of the largest banks in America, that knowledge capital may be more critical to the economy than money.

Mr. Dye, in his report, has said:

Accounting measures past performance. Accounting also proved useful in making decisions for the future.

Dye suggests that this may be changing with the accelerated pace of change in the information age. He went on to say:

Decisions based on immediate past experience cannot be guaranteed to work out in the future. Accounting is attempting to face up to this challenge.

Now to quote directly from Mavor Moore's article. It is a very short one but I think it is both perceptive and crucial.

The challenge is nowhere sharper than in the burgeoning field of cultural affairs. Here accumulated knowledge, creative skills, imagination and innovation are more valuable and solid currencies than the money they make—but much harder to measure. Kenneth Dye is faced not only with auditing Crown corporations involved in such notoriously unpredictable and intractable futures as the arts and sciences, but also with serving a Parliament that generally puts economic policy first, and measures even that in outmoded monetary terms.

It is enormously to his credit that the Auditor-General shows a sound appreciation of the developing situation, and is wrestling with both problems. The first he compares, borrowing from Lao Tzu—

Tzu is a Chinese philosopher:

[Senator Grafstein.]

—to «trying to understand running water by catching it in a bucket. Those of us who are seeking to improve the display of financial and accounting information for the public sector are trying to provide a measure of the water as it flows.» This includes the rapids created by subjecting the cultural agencies to the techniques of comprehensive auditing: How does one prove, at the time, that musical composition or scientific research is about to pay off? It may be the auditing techniques that have to change.

The second problem, that of changing blinkered perspectives on economics, is likely to be tougher to solve; the process requires a re-education of parliamentarians, the chamber of commerce and a substantial portion of the general public. Dye puts the problem plainly enough, but confines his recommendations, appropriately, to those cultural matters within his own competence. Here he specifically addresses «information» since that is his main responsibility to Parliament.

«We have been steadily moving from an industrial age into the information age. Nowhere is this more obvious than in the public sector. Governments are in the information business. It is no coincidence that the increasing role of the public sector in the economies of many post-industrialized countries goes hand in hand with information becoming an even larger resource in those societies.» After listing other «information issues of concern,» Dye turns to «the effects of high technology on employment and the effects of global telecommunications systems on cultural sovereignty.»

But the point is not merely that the culture industry has become one of Canada's half-dozen largest and most labour-intensive, it is that we must, if we are to survive, alter our whole conception of what «the economy» consists of. «All these (issues),» writes Dye, «are symptoms of an era in which information is a dominant force *in the economy*. It is therefore increasingly important to view information as a costly and valuable resource—a resource «comparable in strategic importance to human resources, financial resources and physical assets.»

Mavor Moore then went on to say:

Now if any Canadian Government has come even close to giving our cultural assets the same strategic importance as these others, I stand prepared to eat my old fur hat. There is ample evidence of the opposite: that governments put saving money before saving talent, rank energy above education, and rate our banking system as far more crucial than our broadcasting system.

They are not, I need hardly add, likely to accept instruction from me on the subject—so I draw their attention to some remarks of a distinguished American financier, Walter B. Wriston, recently retired chairman of Citibank, in a speech to the Executives Club of Chicago.

«It's no secret,» said Wriston, «that in the last few years some of our best economists have badly missed in predicting the direction of the American economy. Perhaps their

> mistakes are a result of using words and concepts that were developed decades ago to describe a very different kind of economy . . . One familiar word that needs to be reconsidered is 'capital' . . . A strong argument can be made that this new kind of capital (knowledge) is more critical to the growth of the economy than is money capital. But knowledge capital does not show up in the numbers economists customarily look at (or quote) when evaluating capital formation.»
>
> Money capital will not, Wriston added, cease to be important, but another sort of capital will become more so. «We have little or no control over the natural resources within our borders, but we do have control over the educational and cultural environment that produces the men and women who will lead the world. If we want better economic forecasting and better policies, we must find a way to factor the growth of knowledge into our equations . . . It would be folly to conduct our foreign policy on the basis of the geopolitical map of 1930. It may well be that to conduct our economic policy on the basis of words and concepts that were valid in the 1930s carries similar hazards for us today.»

That is the end of Mr. Wriston's quote. Mavor Moore then concludes his insightful article by saying:

> The hazards may be even worse in Canada. Continuing failure to factor culture into our economic equations could lead to a far bigger horror story than any so far reported by Canada's Auditor-General. We could be bankrupt, not of money but of ideas.

That, honourable senators, is what Mavor Moore had to say about culture and knowledge. Knowledge and culture cannot be separated. Our economic future is pinned to our knowledge industries which, in turn, are pinned to our cultural industries.

• (1530)

Honourable senators, my grandfather, in blessed memory, was blind for 50 years of his adult life. A writer of books, he taught me that to love all books was to love life. Honourable senators, show me a person who does not love books and I will show you a person who does not love his country; show me a person who does not love his country, and I will show you a person without a country. Show me a country without independent people who do not love their country, and I will show you a country that is not a nation. It all starts and ends with books.

Honourable senators, I rest my case.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think it is fairly clear that I will not be able to give such a complete review of the cultural situation in our country as the one to which we have just listened. I will not be as lengthy as the speaker who has just taken his seat. I do not criticize him for the length of his speech because the nature of the topic which he expounded with some eloquence this afternoon is sufficiently important to occupy the time of the Senate. I listened with much attention to what he had to say. I merely say that in a debate of this kind—which is sprung on the Senate, more or less—it is not possible to prepare oneself with that degree of diligence one would wish in order to reply adequately. Quite obviously, that was not an off-the-cuff set of remarks.

I was forewarned, I suppose, and I should admit that. I looked at *La Presse* this morning and I read, «Les libéraux bloquent le Sénat par un débat sur la culture», courtesy of the Honourable Senator Gigantès. So, I had some inkling that today's sitting of the Senate would occupy itself with this topic, which was a bit of a help. But, nevertheless, I must plead the pressure of events for any shortcomings honourable senators may find in what I have to say.

I must say that there has never been a time in my 68 years of observation of the Canadian scene that I took more pride and satisfaction in the development of a Canadian culture and of a Canadian national feeling than I do at the present time. I have seen, over the years, this country in its cultural activities—in the arts, in the writing of books, and in all of those things which are encompassed in that concept—emerge from relative obscurity to a position of real prominence, not only within our own nation, but on the world stage. Without making exaggerated claims for a Canadian national cultural contribution to the great world, nevertheless we have been doing better, and doing substantially better, than we have ever done before.

That development of our nation is one to be cherished; that development is one to be protected; that development is one to be promoted; and I take second place to no other person in this chamber or elsewhere in my expression of support and appreciation for the cultural growth and development of our country. It has been a great thing.

It has been a great thing because what we have accomplished has been done in circumstances which, perhaps, among lesser men and lesser people, would have proved insurmountable. We have done it on a continent which we share with the greatest nation on earth, a nation that has a cultural life of its own which is second to none, and against which the spread-of-information industry and the spread of technology has rendered us completely pervious to the impact of American culture in all aspects of Canadian life.

I suspect it will not be easier in the future because when one considers what will happen with the technology of communication, one has to admit that the whole world, and not just Canada, is going to be exposed to the cultural influences that we have around us. That our culture has achieved the things it has achieved side by side with that colossus spilling over its borders, as the honourable senator has so correctly said, is an achievement of no small proportion. But it illustrates and underlines the fragility of what has been achieved, and it illustrates and underlines our need to take due note and due account of the situation in which our cultural industries find themselves, and to make sure that we follow those paths of policy which take into account a reasonable approach to the development and growth and expansion of the culture of Canada.

I should like to maintain, and I shall endeavour to show, that what the government has been doing in this past little while is dedicated to that end. If there is a point of no return, as my friend suggests, if there is a crisis of which my friend speaks, if there is an overwhelming necessity to do something and to start doing it now, I want to say that that did not happen overnight; that is the result of a long effluxion of time. I want to say that that had to do with what was going on not only in the year that this government has been in office, but long before. I am sure we would have welcomed in days gone by expressions of support for Canadian culture that we hear today on all sides. It is good that they come now, and I have no objection to what has been said; I support it. But I draw the attention of this chamber to the fact that if there is a point of no return, if there is a crisis, it is the culmination of years of difficulty and years of problems in this area.

Some Hon. Senators: Hear, hear.

Senator Roblin: So, I think that those of us who are interested in Canadian culture have to have a sense of history, and we have to realize that in order to turn this situation around, in order to produce a better climate for the cultural activities of this country, we cannot expect to snap our fingers and see the job done; it will be a long and continuous process which will require the dedication of many people in all aspects of our life, starting in our schools.

I remember when I had some responsibility for education in my own province. I tried to get a textbook on the history of Canada which was Canadian in its concept and in all its aspects, which was solidly based on the culture of the Canadian nation, but I could not get the nine provinces—or was it ten? I guess Newfoundland was there all the time—of the country to agree on one textbook that would adequately express the cultural identity of Canada. That proved to be an impossibility. I do not know whether that would be any easier today but that illustrates that we have problems at home in appreciating our individuality and doing those things that are necessary to promote that feeling of Canadianism, not just in this chamber or on this day, but in the time to come, because that is when the test will come; the test will come in what the future brings for this nation.

I am confident that we will meet that test; I am confident that our culture will continue to grow; and I am equally confident that this government will do its part to see that that is so.

Let me take a few of the points that I should like to make in connection with the activities of the current administration in respect of these cultural concerns. I must confess, in view of the extemporaneous nature of my remarks, that if my pursuit of government policy is a little disjointed it is not because the government's policy is disjointed but because I am in trying to pick up the facts as I go along.

Senator Frith: The former is much more likely than the latter.

[Senator Roblin.]

Senator Roblin: My honourable friend may be inclined to say that, but some of us may think that we have a case and may want to make it.

In connection with the publishing business, for example, it is perfectly clear that we have long had a policy of special consideration. But, if my memory is correct, that was only formally expressed in the Investment Canada legislation. It may have been implicit in what went before; indeed it was, because the government acted in connection with takeovers, or what not, in the 1970s. But it was explicit for the first time in the Investment Canada legislation that cultural matters were separate and distinct and would have to be given special consideration. That was exactly as it should be; that was exactly what was required.

• (1540)

In connection with publishing, what is the policy of the government? I am going to read part of our policy paper because there is a lot of confusion in this regard. Some people think the policy has changed. We have heard the reference by Senator Grafstein to this statement made last July when he intimated that he did not know whether that is still the policy of the government or not. I should like to tell you that it is. I should like to tell you that it is the policy of the government that these matters in connection with the publishing industry are subject to that policy now as they were in July. A deal should not sufficiently lessen competition in the industry and, when some new foreign owner comes in, he has to turn over control to Canadians within two years at a fair market price. That time can be extended if he does not find a buyer in that period.

Honourable senators, I am not going to read the whole policy because there are pages of it, and I think my honourable friend knows most of it. I am simply saying that that policy of last July is still the policy of the Government of Canada. That is the policy which will be foremost in the minds of the deciders when they decide what to do about these various book-publishing questions that my honourable friend has raised.

My honourable friend seems to think there is a problem of retroactivity. Well, perhaps some would argue that, but I do not think there is. I do not think the people in Gulf and Western think so either because I have the testimony of their counsel in dealing with this matter in which he recognized that not only now, but in days gone by, this question of special consideration for the publishing industry was clearly reflected as policy objectives of the federal government—this government and the last. Therefore, the question of retroactivity seems to me to be a pretty skimpy one on which to base any argument.

I am saying that the policies that have been laid down in July are policies which will be considered when this matter receives further consideration.

The statement was made that cabinet has considered this. I do not know where my honourable friend gets his information, but I have to tell him that it was not considered at any cabinet

meeting I attended. It may well be that that will happen sometime in the fairly near future, but it certainly has not happened yet; so, all of that argument of his which was devoted to exposing the dangers of divided counsel in cabinet falls by the wayside.

However, even if Senator Grafstein were right, I ask my honourable friend, the Leader of the Opposition: Did he find cabinet solidly united on every issue which came before it? I would be surprised if he said, «Yes.» Cabinet is a place where differences of opinion flourish. There may well be questions put in cabinet reflecting both sides of this issue, but that has not happened yet, and the policy of the government remains as it is.

Senator Grafstein: Would the honourable senator permit a question?

Senator Roblin: I should like to follow through, because it is difficult to develop a train of thought when one is on one's feet with nothing to read from. I would just as soon continue my train of thought so that I do not lose myself entirely in the mist of my honourable friend's question.

Senator Phillips: Senator Gigantès did not read his speech.

Senator Roblin: My honourable friend need not worry about a divided cabinet at the moment. If there is a division later on and he wants to tell me about it, that is fine. There is not one at the present time.

We have this question of Prentice-Hall and all that is associated with it. I appreciate the advice my honourable friend has given us, which is clear and to the point: He says, «Don't do it.» I would say that if I am going to let them do it, it will only be within the terms of the policy laid down in July, which is perhaps a little different from what my friend says. But I think it is equally satisfactory in protecting the cultural interests of the Canadian nation.

Honourable senators, I am sure, will know that there is a lot more to book-publishing than what Investment Canada has to do with it. There is a lot more to establishing a sounder foundation of a publishing industry that has only 20 per cent of our market and probably a smaller percentage of the profits. There is much more to do in that regard than worry about Investment Canada, important as that is.

The minister in charge, the Honourable Marcel Masse, is a man who understands that very clearly indeed. He attended a meeting of the Cultural Ministers of Canada in Halifax last September. They sat down and decided that they would investigate this whole matter with a view to producing a policy in which the provinces would have a share. I know that it is a sort of anathema maranatha to suggest to anyone on the other side that the provinces should have a look in on anything, but that is not our idea; we think they should have a share.

Senator Frith: «Some honourable senators: Oh, oh.»

Senator Roblin: I hope that will stimulate my friend to enter into this debate later on.

• (1550)

In any case, they have agreed that they will meet in February in order to consider this whole question. In the meantime, the government has set in motion its own inquiry into the matter, which surfaced in the press the other day when they reported that Francis Fox, a francophone from eastern Canada, and a gentleman called James Marsh from western Canada, would be visiting the premiers and Ministers of Culture to develop that common negotiating stance involving Canadian book-publishing and film industries as well.

So, the minister is well aware that we need to have a thorough consideration of this matter, a consideration that goes far beyond anything that has been done to the present time, and that it needs to involve the provinces, particularly in view of their interest in education. He is doing that and has his own men out in the field right now looking into these matters. They will report to him in February and he will deal with that report with the Ministers of Culture when they meet.

I want to tell this chamber that the deliberations which take place there and the decisions which they reach will certainly have a very important bearing on the whole question of the cultural aspects of our country and the free trade or the trade enhancement negotiations that are going on at the present time. They will be most significant. It covers not only book-publishing, but it covers films as well. A preparatory study is under way. We know who is doing it. They are not partisan. One of them is a former colleague of my honourable friend opposite, the Honourable Francis Fox.

We are trying to get an objective statement. Just as with Mr. Caplan's committee, we are trying to get an objective statement in respect of broadcasting.

Those do not sound to me like the policies or the actions of a government which does not care, or a government which knows its mind so well that it is prepared to push on at all costs right now and throw culture and its associated activities to the wolves; not at all. It sounds to me like an administration that cares about these things and is prepared to do something about them. That is exactly what is going on now.

I do not make these comments by way of criticism of what my friend said. I do not criticize what he said. I liked a lot of what he said. He made some references to the Prime Minister which I did not care for, but, on the whole, he made a good, constructive speech setting out some parameters in the cultural industry, which we would be well advised to take note of. I thank him for what he said, and I tell him that he finds a responsive audience among many of us on this side of the house as well.

I want to get down to what I think are some necessary clarifications respecting the position taken by the government or the position taken by the Secretary of State for External Affairs in the preliminary skirmishes— that is all they are—in which he has been engaged with respect to the cultural matter. We cannot be sure what we are going to put on the table because we do not have a table yet. First, get your table, and then you can go ahead. In the meantime, we are developing our specifics so that when we get to that table, we can do so in an effective way. However, I think that table will probably not

be set up in February; it sounds more like late spring or early summer to me, so there is a little time yet to go on this matter.

What did the Secretary of State for External Affairs say about putting things on the table? I will tell you what he said, because I think it does not bear the construction that has been placed on it. This is what he said in his speech to the Foreign Policy Association in New York on November 18 last, and I am quoting:

> Protection of our distinct cultural identity is of singular importance to Canada—

May I break in with an observation of my own? As you know, circumstances alter cases. If you sit on one side of the table, things can look different from what they do on the other. We Canadians regard books, movies and broadcasting as cultural, and that has a special meaning for us. The Americans regard books, movies and broadcasting as business, as economics, and they approach them from quite a different standpoint.

When I was in New York the other day, I spoke to some foreign policy people, and I tell you that I made it perfectly clear to them that we regard culture as something special, not solely as an economic matter to be bargained like shoes or timber or lumber. That position, I think, fairly reflects the Government of Canada.

Getting back to Mr. Clark again:

> Our government's intention to promote culture in Canada through direct financial support is simply not at issue in a trade negotiation.

Then, in a separate paragraph:

> We are prepared to discuss with the United States ways we can strengthen—

That is the word—«strengthen»—

> —cultural activities through trade. But, under no circumstances are we prepared to agree to any measures which weaken those Canadian industries or undermine their capacity to serve our cultural needs.

Does that sound like the words of man who is going to place our culture, willy-nilly, on the trading block? Not to me, it doesn't. He is saying that if they get on that block, it will be because we intend to strengthen our culture, and we are going to do nothing that will weaken it.

The Prime Minister has made the same point. If I can find my record of his contribution to this debate, I will read it to the chamber because I think it deserves to be known. The gist of it is that one of the clear undertakings of the present government has to do with this matter of culture and that we are dedicated to ensure that it is enhanced and improved.

• (1600)

The Prime Minister said in the House of Commons on September 26:

> Our political sovereignty, our system of social programs, our commitment to fight regional disparities, our unique cultural identity, our special linguistic character,—these are the essence of Canada. They are not at issue in these negotiations.

[Senator Roblin.]

I think that the statement of the Prime Minister is clear. I think that the statement of the Secretary of State is clear. I think the inspired advocacy of cultural interests in this country by the Minister, Marcel Masse, make it abundantly clear that we have the same feeling about the need to support culture in Canada that my honourable friend has and which is probably shared by almost every honourable senator, if not by all, in this chamber.

If I had had more time I would have spoken far less. If I had had more time to prepare, as they say, I would not have made such a long speech, and heaven knows that that is true in my case this afternoon.

In conclusion, I want to thank my honourable friend for his intervention. I am glad the matter has been presented in the Senate. We are going to hear some more interesting speeches. In fact, I hear that Senator Gigantès has written seven of them already and whether we are going to hear all of them, I do not know. We are going to hear a lot of good arguments perhaps that have not been touched on in the discussions so far. The cardinal point that I want to leave with you is that we are not at odds. At least, I do not believe that we are at odds in this matter; we are of one mind. We may quarrel over some of the modalities. I do not think that we should. I think that they are clear, the government's policy is clear, the statements are clear and our position is clear. Whether we agree with all those statements or modalities or not, the general thrust of the wish of all honourable senators, I am confident, is to assist the cultural industries of Canada to expand, develop and grow because they know that we know they are of the essence of the nation. If the nation is to grow as it should in the world, it must grow in this field as well. Furthermore, we know, and it was well said by my honourable friend, that in the future the cultural industries will be even more important than they are now because they will be part of this information revolution which is overtaking the world. We are all for it. I do not think we have anything to disagree about. I think the debate will be useful and I hope that my contribution has been able to explain, if any explanation is required, the view that the government takes on this great and important public issue.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, is it surprising that the Prentice-Hall case has aroused such passion in this country, particularly among those who are sensitive to cultural values, the only values that can show Canadians they are neither American nor British nor French and that they have an identity all their own?

Is it surprising that a number of senators felt that this was a matter of grave concern and that they had to get this message across to as many Canadians as they could? Of course, not. On the contrary, it would have been surprising if we had remained indifferent to a subject of this magnitude, and if we had, the comment that maybe this country will not survive because it does not deserve to survive, would not have been out of place.

I might as well admit it is impossible for me to speak dispassionately on this subjet. I spent fifteen years of my life publishing books and plying this noble and particularly difficult trade, difficult both in French and in English Canada because of our small domestic market and having to cope with unavoidable and relentless competition from American, British and French publishers.

During that period between 1960 and 1975, it was impossible for me to focus all my energies on my work as a publisher, because I had to spend much of my time trying to convince the Government of Quebec and the federal government (and here I agree with Senator Roblin) that publishing was not a business like any other and that books were not a product like any other, and that if we wanted to continue to exist as a distinct society, governments would have to accept this fact and act accordingly.

So for fifteen years, I had to struggle with the help of my colleagues at the time to fire a political will that had not yet come into being.

After a nearly ten-year absence from the publishing sector, I was naive enough to believe that we had made some progress, and that although about 75 per cent of the book publishing industry was still in foreign hands, at least we would be allowed to keep the few crumbs we had left.

Recent events have proved how immensely naive I was. No, the battle of the book, as it was referred to at the time, that heroic struggle, has not been won. It is still being fought, and Canadians who are aware of the issues will have to give it everything they have got.

Why this concern about books, when there are so many other issues that are of vital interest to us at this very moment? I am sure, honourable senators, that you all know the answer: even with television, cablevision, video cassettes and the whole audio-visual equipment we have around us, there is still no substitute for books as an instrument of our culture.

"If you were alone on a desert island, which ten books would you choose to bring along?" This stock question which celebrities are always asked by reporters contains a basic truth that may be overlooked by those asking the question.

This truth is that with books, man is never really alone, and that no island is truly uninhabited if through literature we can establish that marvelous communication between author and reader.

No one is asked to choose the film or record or even the painting he would want to find under the palm tree on his island. Probably because the least flashy and least expensive of our cultural expressions remains that most reliable of treasures.

The heritage which the literature of a people represents is indeed much too precious an asset for the state not to protect it with the greatest solicitude by making sure, first, that it has the spiritual and material means to develop and, second, that control over its resources does not fall into foreign hands.

In extreme circumstances, a country like Canada might lose control over its industrial and commercial enterprises, even its natural resources, and yet remain a country, as the great American economist Galbraith once states. But he went on to say, and I quote:

● (1610)

[*English*]

> What is required is autonomy in television programs, autonomy in book publishing, and that healthy support should be given to the Canadian publishing industry to make sure that the educational system is strongly supported. That is where real cultural autonomy lies.

[*Translation*]

English Canada has long since been in the abnormal situation where most publishing firms are owned by companies in the United States or Great Britain.

Even so, since a number of major Toronto firms were taken over by American interests, English Canadians are becoming quite concerned about the situation.

Until the 1970s French Canada did not have such problems—we had others! But since then the situation has evolved, several major publishing firms for all practical purposes have been bought by American or French interests. Indeed the situation has lasted long enough.

We must put an immediate stop to that. We must even use all available means to regain our cultural autonomy which is already seriously jeopardized.

Since books are our basic cultural tools, we find it hard to understand why, until now, the state has not bothered to put up a stronger defence against foreign domination, as it successfully and efficiently did in the case of radio and television.

That is why publishers have always been asking for legislation which, considering the jurisdiction of the various governments, would be closely patterned after the law which created the Canadian Radio-Television Commission. Not only should this legislation guarantee the future, for example by setting maximum foreign participation in a publishing company at 20 per cent, but it should also correct existing errors by forcing foreign companies to restore that percentage within a reasonable time limit, as was done without too much difficulty for radio and television.

Necessary though it may be, this legislation would not alter in any way the fact that in Canada, general publishing, as opposed to the publication of schoolbooks, cannot be justified from a strictly economic viewpoint.

That is why foreigners are primarily interested in textbook publishing companies. But everything is interrelated in the book publishing business, and in many cases the fact that publishing schoolbooks is more profitable has made it possible for some publishers to afford the luxury of marketing literary works and promoting young writers.

Let us sum up why general trade publishing is and will be in difficulty for a long time. (I am referring to French publications, aware as I am that the problems of our English-speaking

colleagues are somewhat different and that they will have been described by other more learned senators).

First, the size of the market. Although there are 6,000,000 French Canadians, we hardly reach those who are spread out over the nine other provinces, this figure should consequently be reduced to about four and a half million francophone Quebecers. To a publisher, that kind of market is negligible.

Second, the formidable competition from books imported duty-free from France, Belgium, Switzerland . . . and even the Principality of Monaco! We are talking about literature whose prestige in Quebec is reinforced by the publicity it gets in newspapers, magazines, films and radio and television programs originating from Europe. We will never be able to compete with this massive stream of books and publicity.

Third, there is also the fact that French Canadians who read books are generally bilingual and have direct access to another huge body of excellent books supported by an even more impressive advertising force, this time from the United States, Great Britain and, on a smaller scale, from English Canada.

How can we expect readers who can indulge their appetite for books to this extent to have any time or money left to spend on books written by their own authors in their own language?

Publishers, however, are constantly amazed at the fact that interest in Quebec literature is still growing. What worries them is that the number of readers cannot be expected to grow much more, while the ranks of young writers continue to expand.

Unless we want to let the publishing industry and our literature go into a decline—with foreign interests coming in to sweep up the remains—we will have to take extraordinary steps to turn the present situation around. In a country like Canada, where a relatively small reading public happens to speak universally known languages like French and English, publishers realize they are doomed to remain humble artisans dedicated to the literary Muse, and that their labours will never bring the rewards that businessman working in other sectors can expect to receive. Which means that you have to be crazy to want to work at this trade in Canada.

However, if publishers are meeting a need, a government with any concern for defending its cultural values should make it possible for them to do their work without being haunted daily by the possibility of bankruptcy or being tempted by American or French interests.

As I said earlier, the battle of the book must continue. However, it would not be fair to give the impression that our governments have been oblivious to the alarm signals sounded by Canadian publishers during the last 25 years. Since it was first established, the Canada Council has realized that if the performing and visual arts cannot struggle and flourish with any measure of success without its financial assistance, the same applies to literature.

Initially, the Canada Council helped the authors, but it soon realized this would be useless if there were no Canadian publishers to publish them. The Council then decided to help the publishers as well.

[Senator Hébert.]

However, the first federal policy on book publishing which is worth mentioning is that of the Honourable Gérard Pelletier, the illustrious predecessor of the Honourable Marcel Masse.

Before talking about Mr. Masse's very interesting policy, I think it might be useful to quote some of the remarks made by Mr. Pelletier in his 1972 address to the International Book Fair, more than 13 years ago. Interestingly enough, the situation he describes is not that much different from the situation we have now 13 years later.

I quote:

> Last February I had the pleasure to announce the first measures which had just been approved by the federal government under a new book policy which we intend to implement over the coming months. As you may recall, those measures are in line with the government's priority objective to promote the development of Canada's publishing sector, that is publishing firms under Canadian management and ownership, and give preferential treatment to those firms.
>
> Some people have seen in our measures the result of what is supposed to be our resentment towards foreign companies, or an unjustified misappreciation of a certain indispensable contribution to our country's cultural existence. Others have expressed the fear that such measures might give rise to a movement which would lead to a slowdown in trade and free flow of books.

Nothing however gives currency to such an interpretation of our policy, whether we are talking about books or any other field of cultural activities. With all such programs the government simply intends to give a positive definition of the goals to be achieved.

In the field we are concerned with, the government wants Canadian artists and producers to have a bigger share, reassert their role, and widen their field of activity and their audience. Our intention is to make sure that, in any significant cultural activity made possible thanks to public funds, there is a "Canadian content"—a term which has really become popular. It does not stem from any kind of mistrust concerning the creative activities of non-Canadians, much less from a rejection of other cultures and other civilizations.

> When the federal book policy reflects our will to promote the development of strictly Canadian publishing, fully competent and at the exclusive service of all talented Canadian authors, its objectives have nothing to do with xenophobia, but indeed they are so designed as to ensure the legitimate advancement and the necessary development of our very own cultural values.
>
> One of the axioms from which the book policy has derived is that it is impossible to achieve the full participation of poets, writers and researchers in the cultural life of our country if control over publishing in Canada is not, to the fullest extent possible, in the hands of Canadians. That is because the government looks upon publishers as irreplaceable cultural agents, because it considers as essential the creative role of their situation in the chain

which links the author and his readers that he is one of the first recipients of government assistance under the book policy.

The 1969 Canadian publishing inquiry made for the Department of Industry, Trade and Commerce unveiled an alarming situation—and nothing enables us to believe that it has improved at all since then—so very small is the place occupied by Canadian authors on the book market in this country. Their presence abroad is quite negligible.

One of the objectives of an over-all book policy must be to stimulate literary creation in our country, and give our authors, young and old alike, ready access to a reading public which can only welcome them; the amazing literary activities seen in Quebec in recent years attests to that. By considerably increasing grants to Canadian publishers through the Canada Council, we wanted them to play a more important role as cultural development agents and give them the means to expand their quest for new talents.

Our country must become a truly international market where we would find, as we do today, the entire literary production of our major centres of francophone and anglophone culture: Paris, London, Brussels, New York, and other cultural centres throughout the world, but in addition, and above all, and in full view, as fair and free competitors, the works of our own authors, the best of what our publishers have to offer, the intellectual products of our society. At this very moment, these products and this industry are still seen as intruders in a market dominated by foreign imports. Canada and Quebec give the impression of being a haven for imported books. Unfortunately, there are others who hasten to explain this state of affairs in terms of statistics: our small population, or in historical terms: Canada is still a young country. It is true that considering the number of French-speaking or English-speaking Canadians, we cannot afford, and I would say fortunately, to take our intellectual nourishment from Canadian sources alone. It is also true that we have few authors of world stature and reputation. To keep these problematic conditions under which we must, and will have to, live and grow from turning into a kind of impending doom and unavoidable destiny, we have government involvement.

Our own authors do not have the prestige of the exotic. On the other hand, they have the immense advantage of expressing a reality that reflects the experience of the reader, of using a language, and I am not referring to the level or quality of that language, more readily understood by the public. The message will not always have the philosophical depth of the great intellectual leaders of our time, but its tones will find a more sensitive ear. Every artistic endeavour, however imperfect it may be, embodies and reflects the community.

To bring to fruition a project that must be seen as one of the genuine objectives of a comprehensive publishing policy, public funds alone will not suffice. You, the publishers, you, the professionals whether you are publishers, critics, booksellers or librarians, will have to do your share. But nevertheless, the public sector's involvement is necessary.

In any case it is clear that the provincial authorities have an important role to play and we must achieve a better consensus on positions and policies. Schoolbooks fall completely under provincial jurisdiction, and the retail sector as well. Nearly all provincial governments have started looking at the problems in the publishing industry. Some have initiated support policies. Two provinces have taken very specific steps: Quebec and Ontario. Since the creation of the Department of Cultural Affairs, the Quebec Government has implemented a number of measures including its accreditation policy for booksellers.

Although Ontario showed its interest in the problems of Ontario publishers who represent the vast majority of the anglophone industry in Canada, fairly recently, the fact that the province was quick to implement the recommendations of three interim reports submitted in less than a year by its Royal Commission of Inquiry on problems in the publishing industry proves that it intends to be taken seriously. Provincial and federal policies have in common a fundamental trait that bodes well for the future. In none of the policies presently in effect do we see any intention of imposing on the publishing industry a system of regulations similar to the system applied to the radio and television sector. We do find the will to ensure that decisions affecting the development of our Canadian culture are made by Canadians. It would be intolerable to have decisions affecting the development of a culturally oriented industry like the publishing sector be subject in the final instance to control by foreign interests.

That is why it is hard to accept that only 20 per cent of the books produced in Canada are published by Canadian controlled firms, a situation that was highlighted by the inquiry on the Canadian publishing industry. We cannot be satisfied until the Canadian owned part of the industry publishes the majority of what is published here in Canada.

As I said earlier, this long quote from a speech by the minister responsible for the publishing industry in the seventies is still very apt today, so much so that it seemed to have inspired our Minister of Communications, the Honourable Marcel Masse, when he made his announcement on July 6 of this year, revealing the government's policy on foreign investment in the publishing and book distribution industry, a policy that he summarizes as follows:

> The Canadian government believes that the existence of a vigorous publishing and book distribution industry, controlled by Canadians, is essential if this sector is to play its part in Canada's social and cultural development, said Mr. Masse. The publishing and book distribution industry must benefit from policies aimed at safeguarding our cultural sovereignty, in the same way these policies apply to the printed press, periodicals and broadcasting.

> Mr. Masse went on to explain that the Government would examine all plans for foreign investment, either direct or indirect, in the publishing industry, in accordance with the provisions of the Investment Canada Act. With respect to direct investments the government, according to the Minister, will look favourably upon any proposition to set up a new company or to acquire an existing company, whether controlled by Canadian or foreign interests, if the investment is to be made under a Canadian controlled joint undertaking. In the case of acquisitions of foreign controlled companies, such deals might be allowed if Canadians are expected to take control within a reasonable time limit (two years) at a cost in line with prevailing market conditions.

According to his department release:

> Mr. Masse stated that "the government will review each and every indirect acquisition." Generally speaking, he will approve such deals if they do not entail a significant lessening of competition between Canadian companies in a market sector. In addition, the investor will have to agree to relinquish company control to Canadian interests within two years for a then prevailing market price.
>
> This policy is concrete evidence of the commitment made by the government through the Investment Canada Act, namely to protect Canadian cultural sovereignty and provide financial support for cultural industries which play a vital role in our collective life, as Mr. Masse had maintained. The government therefore acknowledges the Canadian publishing industry must have the means to ensure its own development within our domestic market, and foreign investment must not thwart that development.

Needless to say, honourable senators, I am quite pleased to see the Minister of Communications take such a firm stand. From the bottom of my heart, I wish him the full support of his cabinet colleagues to implement his policy as soon as possible.

Many of my former colleagues, Quebec publishers, also agree with this policy, not to mention my former colleagues in English Canada who are more directly involved for the time being.

In that respect, the reaction of the Association of Canadian Publishers is revealing. If I may I would like to quote long passages of a recent statement by that important association which I once fought along with concerning the same questions and which sums up the whole situation:

● (1630)

[*English*]

Widespread support has greeted the announcement by the Minister of Communications regarding foreign investment in Canada's book publishing and distribution industry. The new policy builds on the provisions of the Investment Canada Act concerning non-Canadian investments in business activities related to Canada's cultural heritage and national identity. The policy has been received enthusiastically by Canadian publishing companies, endorsed in the editorials of the major newspapers, supported by the Canadian business community and applauded by other cultural groups. Against the backdrop of the recent challenge to Canadian sovereignty by the «Polar Sea» this commitment to maintain and protect our cultural sovereignty has also struck a responsive cord with the larger Canadian public. The Association of Canadian Publishers, on behalf of its 140 Canadian-owned member companies, strongly endorses the government's policy and commends the Honourable Marcel Masse, Minister of Communications, for his clear-sighted commitment to Canada's cultural sovereignty.

The right to our own cultural voice and expression is as critical to our national interest as is territorial integrity. The Canadian government has long acknowledged that Canadian control of our vital communications media is a basic tenet of cultural sovereignty. Indeed, in a recent article listing his major accomplishments over the last year, Prime Minister Mulroney cited the banning of foreign take-overs of book publishing companies as a critical component in the defence of Canadian sovereignty. It was published in the *Toronto Star*, August 31, 1985. It is always important to remind ourselves of these things. The policy of gradual patriation of Canada's book industry is predicated upon the cultural and economic benefits resulting from Canadian ownership of the daily press, periodicals, television and radio stations and cable systems. Public policy has always ensured that Canadians would have access to the best of the world's literature. In the interests of cultural sovereignty, public policy must also ensure that there is a Canadian literature.

Canadian books are the carriers of our literary and intellectual heritage and an important medium of instruction and learning. They are important in preserving, developing and strengthening our identity as Canadians for ourselves and for the world. In recognition of this vital cultural contribution, the government has long supported the publication of a wide spectrum of Canadian books. Such support is critical to ensure the continued presence of Canadian books in the market, 75 per cent of which is already dominated by foreign books, most of which are imported from the United States and, of course, in the case of French books, from France and Belgium.

While the majority of original Canadian authored books are published by the Canadian owned industry, the Canadian market itself is dominated by foreign owned subsidiaries. These large, well financed branch plants control the most profitable segments of the book industry, textbook publishing and the distribution of foreign books. As a consequence, fully 80 per cent of the revenues generated by the Canadian book market accrued to foreign owned subsidiaries. A strong Canadian owned industry; inspired, financed and controlled by Canadians, is essential to the cultural development of Canadians. Such has been the central conclusion of every major study of the industry over the past three decades. For example, the Massey-Lévesque Commision 1951; the Ontario Royal Commission on Book Publishing, 1972; the Federal Cultural Policy Review Commission 1982—this reminds me of something!—the Ontario Special Committee for the Arts, 1983; and the Department of Communications own program evalua-

tion of 1985. Since 1970 one of the objectives of the federal policy in support of Canadian books has been to assist the Canadian controlled sector of the book publishing industry to become dominant in both the English and French languages in Canada.

In its efforts to create a healthier and more competitive industry, the government has implemented a number of development assistance and support programs. The industry has made creative and responsible use of these resources to effect major improvements in the infrastructure of management of individual companies, to develop industry-wide services such as the Canadian Telebook Agency, to continue trade publishing without incurring heavy losses, as used to be the case, to develop publishing programs in new areas of domestic markets, and to make significant inroads in the international arena. The assistance has not allowed the Canadian owned industry to expand its share of the market. These programs have enabled the Canadian owned industry sufficient stability to maintain its market share in an economically difficult time. Relegated to a minor position in its own market, the Canadian owned sector continues to have access to only 20 per cent of its revenues. The economics of indigenous publishing in Canada are such that structural change in the industry is required to allow Canadian owned companies access to the more profitable activities of the industry at present controlled by foreign subsidiaries, textbook publishing and the distribution of imported books. Access to the more profitable activities will serve to solidify the Canadian base from which the Canadian owned sector will be better able to perform its vital cultural role.

The Minister of Communications, impatient with the prospect of allocating endless escalating resources required simply to maintain the present market position of Canadian owned companies, has implemented a progressive policy to alter the structure of the industry itself. He says:

> It will not be through government aid, but rather through investment by the Canadian private sector, that the Canadian publishing industry will achieve its strength.

Marcel Masse said that on July 6, 1985. The ownership policy outlines the process for the incremental Canadianization of the industry. All proposals by non-Canadians to establish new business or to acquire, directly or indirectly, existing book publishing and distribution companies are reviewable by Investment Canada. The review process applies in the case of the foreign acquisition of any book publishing company based in Canada, whether Canadian owned or foreign owned. The purchase of a Canadian owned company by foreign interests is reviewable. Similarly, when an extraterritorial acquisition of a parent company that controls a subsidiary carrying on business in Canada takes place, the indirect acquisition of the Canadian based subsidiary is also subject to review. The foreign owned subsidiaries based in Canada are part of the Canadian publishing environment. The provisions of any policy dealing with the industry as a whole must, therefore, apply to the take-overs of both Canadian and foreign owned firms.

The proposals by non-Canadians to acquire or establish new businesses in book publishing will receive a sympathetic hearing by the Minister of Communications and the minister responsible for Investment Canada, provided the investment is through a joint venture with Canadian control. For direct acquisitions of foreign controlled businesses, allowances will be possible if divestiture of control occurs within a reasonable period of time—two years—at a fair market price. These criteria also apply in the case of indirect acquisition, with the additional proviso that the acquisition does not significantly lessen effective competition by Canadians in any segment of the Canadian market for books.

Previous joint ventures and divestitures within the industry have proven to be successful in both economic and cultural terms. In 1976 the Gulf and Western acquisition of the foreign subsidiary, Simon & Schuster (Canada), was reviewed by FIRA. As a result of this intervention, the Canadian owned General Publishing Company became the Canadian distributor for Simon & Schuster—an activity that has been extremely beneficial for that particular Canadian company, allowing it to expand its Canadian publishing program.

The FIRA review of another indirect takeover in 1976 of foreign owned Bantam Books of Canada resulted in the emergence of a new joint venture company, Seal Books with the Canadian company McClelland and Stewart. This arrangement created an opportunity for a Canadian presence in mass-market paperback publishing and distribution.

FIRA undertakings concerning Mattel's purchase of Whitman Golden Ltd. resulted in a joint-venture arrangement between the Canadian company, Greey de Pencier and Whitman Golden (Canada). Although it did not create a Canadian controlled company, this arrangement greatly expanded the market for Canadian children's books.

The recent and significant Canadianization in the oil and gas industry, accomplished under the aegis of FIRA and Investment Canada itself, establishes another useful precedent for the book industry. The sale of 60 per cent of Gulf Canada to Canadian interests was the result of the company's commitment to divest, as a condition of government approval of the indirect acquisition of Gulf Canada by Chevron Corp.

Canadian capital is also ready to acquire or obtain significant interests in the foreign owned subsidiaries operating in the book publishing and distribution industry and in the retail book sector. Several takeovers in the Canadian industry are at present before Investment Canada—Gulf and Western's acquisition of Prentice-Hall Canada and Ginn and Company; the purchase of Copp Clark Pitman by the British based Longman, a subsidiary of the Pearson Group; and the proposed acquisition of the Canadian company, Classic Bookshops by their British controlled competitor, W.H. Smith.

In each and every case, capable and qualified Canadian buyers have come forward. Only Gulf and Western's acquisition of Canadian companies will be highlighted here, and I will quote again later Canadian Publishers' Association.

In December, 1984, Gulf and Western Industries Inc. acquired the American company, Prentice-Hall. The transaction greatly expanded Gulf and Western's holdings in the publis-

hing industry in the U.S.A. and Canada. The portfolio now includes Simon & Schuster Inc., Allyn & Bacon, Globe Modern and the more recently acquired Ginn and Company, included the recently purchased assets of Xerox Corp. When Gulf and Western Industries purchased Prentice-Hall Inc., it also acquired Prentice-Hall Canada Ltd. This subsidiary was established in 1960 as part of the wave of American branch plants set up to gain access to the expanding and lucrative Canadian educational market.

Today, Prentice-Hall Canada is a healthy company undertaking a diverse publishing program under the direction of strong Canadian management. A large portion of its sales are attributable to Prentice-Hall Canada agency business—the importation of foreign books, primarily from its parent company into the Canadian market. But Prentice-Hall Canada is also a major publisher of materials for Canadian schools and one of the largest suppliers to the college market, and it has a growing Canadian trade book list.

In 1983, Prentice-Hall Canada reported sales and other revenues of over $25 million. Retained earnings are at $12.1 million on an original capital investment of $250,000. Thus, more than $11.8 million has been earned in Canada—much of this from tax-supported textbook sales—for the proposed benefit of Gulf and Western Industries. If the acquisitions of Prentice-Hall Canada and Ginn and Company are approved, Gulf and Western Industries will become a Canadian publishing colossus overnight, as Gulf and Western Industries already owns Globe Modern, Allyn & Bacon and Simon & Schuster. The latter is currently represented in Canada by the Canadian owned company, General Publishing.

The addition of Prentice-Hall Canada and Ginn and Company will increase Gulf and Western's publishing sales in Canada to an estimated $50 million per year: An instant foreign controlled conglomerate in the fragile Canadian market.

The potential sale of Prentice-Hall Canada and Ginn and Company to Canadians would present the Canadian industry with the most significant opportunity of the decade to expand its position in its own market. More critically, it would allow the government and the industry to redress the dramatic under-representation of Canadian owned companies in the educational publishing sector (elementary, high school and college). It is through educational materials that Canadian students first develop an understanding of their cultural heritage. For educational, cultural and economic reasons, it is imperative that more of these pedagogical materials be produced by Canadian rather than foreign controlled companies.

There are several small and medium-sized Canadian owned educational publishers. At present, there are only two large Canadian owned publishing companies, and now I am speaking of English Canada: Gage Educational and Nelson Canada—competing with the foreign-controlled companies for the elementary, high school and college market. Surely it is desirable to have more Canadian companies of the size of Prentice-Hall Canada. There are capable and qualified Canadian buyers for Prentice-Hall Canada but to date the American owners have not deemed it necessary to respond to a Canadian bid to purchase the assets of Prentice-Hall Canada. There are Canadian companies poised to make responsible offers for Ginn and Company and Canadian offers for Copp Clark can be expected very soon.

The patriation policy is a necessary condition to changing the industry structure which has kept the Canadian owned industry in a minority position in its own market. The ownership policy will allow Canadians the opportunity to regain control of the vital publishing industry. The policy on foreign investment in the Canadian book publishing and distribution industry could not be more timely. Cases currently before Investment Canada for review—Prentice-Hall Canada, Ginn and Company, Copp Clark Pitman and Classic Bookshops—will demonstrate the government's commitment to the new policy. The impact of the patriation policy for Canadian publishing will be immediate and significant. The orderly divestiture of these major subsidiaries alone will increase the Canadian owned sector of the market substantially.

The government's cultural and economic objective of a dominant Canadian owned book publishing and distribution industry may well be attained within two years as indicated by the Minister of Communications. Marcel Masse and the Conservative government have ensured that 1985 will be seen as the watershed year in the history of Canadian publishing.

[*Translation*]

My dear former colleagues and publishers of English Canada, may your words be heard in heaven! As I read that text by today's English Canadian publishers of which I quoted a few excerpts, I was reminded of my own struggles in the seventies in Quebec, though also in perfect agreement with our colleagues from Ontario and the rest of Canada. I was reminded in particular of what we called the battle of the book, in which countless speeches were made, tons of press releases written, numerous representations made to the governments, and even, quite logically, a book was written, a very forceful declaration of principles entitled: "The Battle of the Book", the sub-title of which clearly highlighted the controversial nature of the matter: "Yes to French culture! No to foreign cultural colonialism!" I should point out that at the time the villain was Hachette, the great French multinational called "the octopus" by the French themselves.

Of course, I took part in the drafting of that collective statement published by the Éditions Leméac de Montréal in 1972. I have no qualms about quoting a few passages of the collective foreword and also occasionally plagiarizing myself, as it were, to recall here a few dramatic episodes of that glorious battle.

However, you may be asking how that old story is of any concern to us in 1985. It is of concern to us because in spite of the real efforts of the various provincial and federal governments that have followed, the situation of the publishing industry in Canada has not significantly changed since then and has remained in my opinion, and in the opinion of many

among you, a matter of national urgency, hence the reason for this debate.

Unfortunately, in that matter, history never ceases to repeat itself and will go on repeating itself as long as Canadian publishers hold on to the few strongholds still left in this country. The day we lay down our arms, we shall be forgoing what we are still shy about calling our cultural identity.

As I tell this story, honourable senators who might not be familiar with that sinister episode could have a little fun, I hope, by substituting the words "United States" and "Gulf and Western" for the words "Hachette" and "France". This is just a little game I am suggesting to you.

In fact, over the years, American corporations themselves have become as much a threat to Quebec as the main French publishers, and corporations like McGraw-Hill and a few others have taken over a fair chunk of the French language Quebec publishing industry, but at the time of the great battle of the book I mentioned earlier, the threat came mostly from Hachette. Just to realize that this story is still perfectly relevant today, do not forget to play the game: Hachette is Gulf and Western, and France is the United States.

So much has been said about the Hachette case, one would assume that everybody knows what it is all about, and if no one tried to confuse the issue, the matter could be settled and public opinion would be enlightened.

But someone is confusing the issue. The Hachette representatives and accomplices, helped in all innocence by some good souls who are more impressed by eternal France than by our humble Quebec land, are telling an unbelievable version of the case in which the proud champion of French culture has to overcome obstacles raised by troublesome shopkeepers.

None other than the former President of the «Société générale de financement", an agency of the Quebec government, namely Mr. Jean Deschamps, a good soul if there ever was one, and in addition to everything else a top Hachette accomplice, dared speak of the "vulgar book trade".

Such a judgment cannot but influence John Q. Public who is not aware of Hachette's mores and who has been constantly hearing recently about the importance of reinforcing our cultural ties with France. But France is just like the United States, remember that!

First of all, let us state emphatically that none of the people who opposed the Hachette invasion was against the strengthening of cultural ties with France; quite the contrary. All were in favour of French books being sold freely in Quebec at the best possible price to the reader, and of Quebec books finding buyers in France, the fact of the matter being that only in a colonialist context could cultural ties be strengthened just one way.

Well, in these two respects, Hachette is not contributing anything. What is worse, the Hachette presence in Quebec has a tendency to limit the choice of available French books and to make them more expensive. The situation of the pocket book is particularly revealing. On the other hand, the efforts Hachette claimed to have made to sell Quebec books on the French market were just laughable, as I will explain later.

We have therefore reached the point where we must give this warning: "Do not listen to those who are trying to deceive you". It is a fact that Hachette is a major publishing house with international connections, but it is not invading the Quebec market for our sake. It is doing it for its own bottom line. It practices nothing but cultural colonialism.

Even in France, where its ties with the state are well-known, Hachette uses unacceptable methods to harm its competitors. For instance, in railway station book stores which it operates as a monopoly, thanks to its friends both in l'Elysée and Matignon, the books published by its competitors are generally not available. This is a sort of censorship which Hachette applies quite naturally on the Quebec side of its operation and against which Quebec publishers and book store owners intend to protect Quebec readers.

Those who are always confusing the issue have spoken of Francophobia. Well, we do not think that Francophilia means surrendering completely to a corporation, a French one at that, whose methods are likely to hurt the good cultural relations between the French and Quebec people.

In the same way, some ten years ago, at the time of the O'Leary Commission, Americans used to refer to American-phobia, because publishers of Canadian magazines were trying to prevent their American counterparts from publishing in Canada so-called Canadian editions which were identical or nearly identical to their American originals, except that the advertising was sold in Canada.

These so-called Canadian editions, published without editorial costs, were truly a gold mine and resulted in unfair competition, as the O'Leary Commission finally recognized.

At the time, Mr. Ball, from the State Department, claimed that Canada wanted to stop the free circulation of American periodicals, although no one had objected to the original editions of *Time, Life, Reader's Digest*, etc., being sold freely on Canada's news-stands.

We find the same kind of specious interpretation today, not only in what was being said by the spokesperson for Hachette but also, and this is much worse, we find it reflected in the attitudes of certain individuals representing the Quebec government.

Why were these government representatives trying to distort the issue? At the time we were locked in a struggle with the Government of Quebec, headed by Mr. Bourassa, incidentally. The reason was obvious: Mr. Pompidou neatly duped Mr. Bourassa, while piling on the hospitality at the Élysée. Acting in the interests of Hachette, but ostensibly acting on provisions of cultural agreements signed by France and Quebec, the President of the Fifth Republic persuaded our youthful Prime Minister, who was on his first official visit to Paris, to dilute the conditions set by the Quebec government on foreign take-overs of publishing firms. Back in Quebec, Mr. Bourassa realized that, to use a colloquialism, he had been shafted. However, he preferred to brazen it out, and his officials, who

had to justify the unjustifiable, had no choice but to distort the debate.

The Société générale de financement played a very unsavory role in this affair. This semi-public agency brazenly and with complete impunity, sabotaged the very interests it was supposed to protect, namely those of Quebecers and Quebec industry. It very generously financed the Hachette onslaught. In fact, Hachette's behaviour is not terribly surprising. It is not the first and certainly not the last time a business has sought to take advantage of the complicity and complaisance of a government to score points against its competitors. Far worse was the amateurishness, ignorance and bad faith shown by the Quebec government and the SGF.

I am not saying that we should object to all government intervention in the publishing sector. Certain kinds of regulation, certain forms of assistance to the industry could be part of a judicious cultural policy, in line with the government's action with respect to other sectors: the Canada Council, the Canadian Film Development Corporation, the CRTC, and the rest. However, all these sectors will not necessarily require the same approach and just as the government's intervention with respect to the newspaper media, which like books have a history that goes back several hundred years, just as it respects the characteristics of that industry, it should also respect the specific nature of the publishing industry. In Quebec, the industry consists of independent firms which are anxious to preserve their individuality. There is a certain balance among these firms, and it is intolerable that the SGF should be instrumental in destroying that balance by financing the Hachette onslaught.

In the Hachette affair, the interests of the entire Quebec community are at stake. If Hachette manages to dominate the publishing industry in Quebec, Quebec books are in danger of being treated as a third-rate product, not as worthwhile financially, from Hachette's point of view, as its own product line. A third-rate product does not get prime exposure in the store window. If the small number of copies that were in stock are sold out, there is very little inclination to order more. There is no advertising, nothing to boost sales. One can readily imagine the consequences of such a situation for our authors and the future of Quebec's literature. One cannot weigh the stakes in the publishing battle without taking such risks into consideration.

Are those risks real? The behaviour of Hachette in France and elsewhere gives a pretty fair indication. The policy of that firm is to do everything it can to corner the market. Some companies, international or not, are satisfied with a place under the sun and manage to get along with their competitors. They respect the rule of fair competition. Hachette goes much further. Pushing its way through and pulling every string, this firm would rather seek to crush or take over the competition. It has a strong tendency to create a monopoly. It so happens that, in the publishing industry, monopoly spells totalitarian regime. Who would pretend that such a danger threatens only the petty interests of quarrelsome shopkeepers? Automatically, monopoly leads to censorship and the abolition of free expression through books.

It is important to know who we are dealing with. Hachette is the world's largest publishing company. Its 1971 sales were over $250 million. The "green trust", as it is called in France, has already taken over a number of publishers, including Arthème Fayard, Grasset, Stock and Tallandier, not to mention the Librairie générale française, or the Livre de poche. Hachette is also a monster of the press, one of the four "major powers" in France with the groups Prouvost, Floirat and Dassault—the aircraft company. Great manoeuvres are now taking place over there, and Hachette will certainly not be a loser; soon the number of "major powers" might very well drop from four to three or even two. French journalists are worried about the ever growing centralization of press interests in the hands of wheelers and dealers who despise that profession and who, in the case of Hachette, have close links with the government.

More than ever books in Quebec are one of the main instruments of collective existence. Among the means of expression, it is at the same time the most universal and the most indigenous. It is indigenous because of the audience it creates for Quebec thinking. A book is also the freest means of expression, the least subject to the conditions which affect television and radio, for instance, and to the constraints which thwart journalism in times of press centralization. Of course a book is subject to the vagaries of the market, but the publication and marketing of books in Quebec have nonetheless achieved an impressive development which is itself a guarantee of the inherent freedom of books as a means of expression. Any government action concerning books must be aimed at protecting that freedom.

Of course the interest of our publishing firms and book stores is involved, and it is not necessarily negligible, not any more than the interest of radio and television enterprises which the CRTC is careful not to drive to bankruptcy. In most cases, we are talking about small firms that make small profits. The book industry is one of the most decentralized. It includes 50-odd publishing firms and about 200 book stores. Among the publishing firms, twenty or so are quite important. Some of them deal mainly in current publications at popular prices while others specialize in school books. The 30 other firms can only stay in business thanks to the publishing grants they get from governments. As for book stores, which can be found throughout Quebec, most of them are allowed to sell school books to the institutions, in accordance with the new legislation. About twenty are not so allowed and are satisfied with selling books to the general public, such as books on current events, literature and imported books.

Although the interest of those firms is involved for sure, it is not the main stake in the book publishing battle. Considering the merciless approach and monopolistic views of Hachette, the invasion of that firm imperils our literature and the free access of Quebecers to foreign literature.

As I said earlier, a senior Quebec official at the time had had the misfortune of describing book stores and publishing as

a "vulgar trade". There is less chance of that kind of unwarranted remark being heard in Ottawa in 1985. But, in more elegant terms, certain government circles behave as if they did not understand why the "Toronto intellectuals" get so carried away when they hear that cultural industries might be negotiated with everything else (the works!) when the time comes to discuss free trade—whatever that means!—with our Americans friends. The next comment we will hear is probably that books are a commodity like anything else, that book stores and publishing is a "vulgar trade".

I can appreciate why the "Toronto intellectuals" would react so strongly, as did those of Montreal 15 years ago. Writers, publishers, book sellers, we were all furious! I recall making the following remarks to set the record straight before the Montreal Board of Trade when I was talking about the Hachette affair:

> The word trade, and I should not be saying this to you, is not offensive in itself. There is no doubt that book sellers are traders. But what Mr. Deschamps does not seem to understand —the senior official whose faux pas I have already mentioned—and it is extremely serious, considering the major role he would like to play in the book business—is that a book store is more than an ordinary commerce, and that a book is not an ordinary product.
>
> Perhaps it bears repeating that book stores are genuine cultural centres whose influence extends over a whole neighbourhood, sometimes over a whole city. I know many librarians, real animateurs, who were embarrassed, practically living in the store, dedicating their life to it because they were obsessed by a love of books.
>
> "Writers write, publishers publish and I sell," said a bookseller! "Every day, there are many times that I am involved in defending the interests of literature. Selling, advising, suggesting and recommending a book is the last stage to success, to winning the reader."
>
> What businessman can build his reputation on culture? And is there any other business that is more essential to developing a national culture or any culture for that matter?

We may regret that de Havilland has been sold to foreign interests, and I certainly do.

> However, it is not the end! But the day we lose control over our publishing industry, it will only be a question of time before we witness a disintegration of our collective identity.
>
> What applies to bookstores also applies to publishing. It is a business that markets goods, rather strange goods made of paper and ink and its existence depends on their spiritual content.
>
> That is probably why publishers are a rather strange breed of businessmen. They are always torn between the demands of the intellect and the constraints of business, between the talented young writer they should promote and the bank manager who is reluctant to lend money to someone who sometimes consciously manufactures products that will not make a profit.
>
> So publishing is not your ordinary business. Books are unique products, even down to their physical aspect.
>
> I do not think it is necessary to dwell any longer on the cultural implications of the book industry before an audience that is particularly well informed in this respect. But, you will ask, what, economically-speaking, constitutes the attraction of this sector for the Americans on one side and the French on the other? Actually, not much. When I was still in the industry, retail sales of French language books represented about $40 million per year. Peanuts! The breakdown was as follows: $15 million for Quebec publishers of schoolbooks; $2.6 million for Quebec publishers of general literature and $22.4 million for French, Swiss and Belgian publishers. Certainly not much.

France's share represented about $21 million, which is more than half of the total sales figures for the book retail industry in Quebec, and this does not include American publishers.

Before the Quiet Revolution, the book trade in Quebec was of no interest to foreigners. Publishing of schoolbooks was controlled entirely by religious congregations and many bookstores were owned by the diocese.

Senator Le Moyne remembers that time as well as I do. After all, we are the same age!

As for literary publishing, it was, then as now, considered an outlandish activity which was left to a handful of eccentrics who did not mind ending their days in poverty.

During the last decade, as religious congregations withdrew from the bookselling industry they were replaced by chaos and anarchy. This was not a climate likely to attract serious capitalists such as McGraw-Hill and Hachette. However, our professions gradually organized themselves; our associations negotiated relentlessly with the governments, which, after a lot of ear-pulling, finally took some of the action we had been insistently requesting.

In this context, in May 1971, the Quebec Department of Cultural Affairs decided to licence competent booksellers who would have the exclusive right to sell to the communities subsidized by the state. This was a good way to make bookshops finally profitable, or at least nearly so. One of the conditions for obtaining a licence was that there not be more than 50 per cent of foreign-owned capital stock in the bookshop. Unfortunately, this was too small a step, even though it was in the right direction. In practice, we all know that a clever shareholder can succeed in controlling a business with only 50 per cent of its capital stock. Nevertheless, this and a few other measures announced a healthier situation for the book market. It became nearly a good thing to be a bookseller, and Quebec publishers were confident about the future.

This change in climate was quickly recognized in New York and Paris. In a very short while, the big foreign publishers who had always treated us with the greatest of contempt rushed to Quebec determined to harvest what the labourers of Quebec bookselling and publishing had sown. We witnessed the arrival

of Encyclopedia Britannica, Bordas, Holt Rinehart & Winston, Hachette, McGraw-Hill, and many others. Each time that we lost a knight or a bishop, our associations sounded the alarm and alerted public opinion and the governments. The last major blow at the time I was involved in this industry of course, was the takeover of the five Garneau bookstores by the *Centre éducatif et culturel*, in other words by Hachette.

From then on, we had to fight, not to maintain the status quo, but to regain lost ground. Publishers are still doing it today. Foreign domination in the book retail industry was no longer a vague threat, but an unfortunate reality which I can best describe by quoting a few figures.

In the field of school book publishing at the elementary and secondary levels, nearly 40 per cent of total sales of $15 million was controlled by foreigners. The Hachette group alone accounted for half that figure. In the field of distribution of wholesale bookselling, foreign interests represented nearly 65 per cent of total sales. As for the bookstores, foreigners already controlled 15 per cent of them, but they were on the increase.

As concerns the publishing of general literature, the large foreign publishers have left it to us with contempt, for the excellent reason that it was not yet viable. Besides, they know that by controlling distribution and bookstore marketing, they brought Quebec publishers to their knees.

Such was the situation. It was already intolerable. But there was every indication that it was to deteriorate still more. It was casting aspersions on Hachette—but rather paying homage to its devouring aggressiveness—to believe it would try to dominate the Quebec market, as it did in every other country in the world where it has spread its tentacles. Let us not blame Hachette for trying to dominate, to control, get rich. I hope you are substituting "Gulf and Western" for "Hachette" once in a while because such has been my purpose. In a capitalistic system, those are the ways of the big trusts.

In his remarks to shareholders at an annual meeting of the corporation held in Paris, the President of Hachette, Mr. Éthier de Roquemaurel did nothing to conceal his ambitions, and to quote him:

> The determination to increase our international activities has led us, *among other initiatives* to acquire a major interest in the Centre éducatif et culturel de Montréal, the largest publisher of school books in French Canada, despite the problems now facing cultural investments in Quebec.

One may wonder how far Hachette would have gone had it not been for the "few problems" raised by the protests from publisher and bookseller associations!

On the other hand, France could hardly be blamed for supporting Hachette to the hilt and exerting incredible pressures on our provincial government: those are the ways of capitalistic countries, especially those with a colonial past.

Nor can we, on the other hand, blame Gulf and Western in 1985 for doing what they did, using every means at their disposal, even including scorched-earth tactics.

[Senator Hébert.]

However, it must be stressed that one of the most embarrassing traits of Librairie Hachette is their very close and always ambiguous links with governments. According to *L'Expansion*, the major French economic magazine, and I quote:

> Hachette's strong position in school book publishing, its control over N.M.P.P. (Nouvelles Messageries de la Presse Parisienne), its near-monopoly in the distribution of books and newspapers abroad, its control over railway station libraries and underground network newsstands, its public influence through the daily *France Soir* would not exist without the government's good will. Hachette has at all times compromised with the powers that be. (Including Nazi occupation forces from 1940 to 1944!) And the powers that be have always compromised with Hachette, willing to maintain complacency on such an essential political ground as the broadcasting of ideas. Both parties profit by it—

Washington lobbyists really have nothing to teach our French cousins!

I was wondering then if our provincial government was aware of this and also of the fact that, during its warm meetings with the French government, or its gourmet dinners with Mr. Pompidou, President of the French Republic and a Hachette author, while champagne was being served to celebrate France-Quebec agreements in the Elysée salons, Hachette was always there lying in wait.

I suppose that because it has become commonplace to find in the morning paper top secret documents from this or that cabinet, public opinion did not react quite as it should have when it read in *Le Devoir* the text of three orders in council telling the story of an abdication by the provincial government of the time.

I shall summarize the case in three stages: First, under an order in council dated March 10, 1971, Quebec book stores had to have no more than 25 per cent foreign participation to be accepted, that is, to have the right to sell to organizations subsidized by the provincial government. That was fine, but the news was not made public. Nobody ever heard about it. Second, under an order in council dated March 16, our book stores became acceptable provided they had no more than 40 per cent foreign participation. It was almost a defeat. Third, on April 28, a little after Premier Bourassa's official visit to Mr. Pompidou, a third order in council was passed increasing to 50 per cent the foreign participation allowed. France had won; Quebec had lost.

Moreover, the French union of publishers had the guts to denounce these insignificant restrictions and blamed the Quebec government and our professional organizations the way the French used not so long ago to bring to heel native rulers who dared stand up.

Among other things, the French union blamed our Minister of Cultural Affairs for entrusting a small corporate group with book production and distribution in Quebec. What the French called a small corporate group was the three large organiza-

tions which included almost all the publishers and book store owners in Quebec!

No doubt to add to the pressure which Mr. Pompidou was putting on Mr. Bourassa, Mr. Maurice Schuman, the French Minister of Foreign Affairs, raised this issue again when he came to Quebec a few months later. With a stark frankness rather unusual from a diplomat, the minister indicated to the Quebec Press that if our book policy did not please France (or Hachette?), the French would not be interested in distributing Quebec books in France. If this was not a sort of blackmail, I do not know what it was! In a more open fashion, our American friends would refer to it as a "scorched earth policy" . . .

In other words, if we dare try to revitalize a publishing firm, while so many others belong unfortunately to American interests, we would pay dearly. We are made instead to understand that if we are very nice to Gulf and Western, we might get major benefits. It may even be possible that, in the future, the Canadian editions of our authors will be widely distributed through all American book stores, that people will line up to buy Marie-Claire Blais and Jean Le Moyne in Chicago and Salt Lake City!

That is exactly what Hachette had promised us at the time. It is so funny that I must tell you about the following incident before concluding.

In certain quarters outside the trade, I should point out, we were given to understand that if Hachette were welcome in Quebec, Hachette would impose Quebec books on the vast French market and on the Francophone market which it had already cornered. Allow me to laugh along with all Quebec publishers who have not forgotten our first adventure with Hachette in that field. I have to tell you this, it is really funny.

After hard negotiations, the Association des Editeurs canadiens signed an agreement with Hachette in Paris on December 7, 1959—the dates are important!—for the distribution of our books in France. The agreement provided for a 50 per cent rebate, the absolute right to return unsold books, and the payment of return transportation charges and taxes by Quebec publishers.

So far, Hachette did not stand to lose much!

To minimize risks even more, Hachette accepted only 15 Quebec titles, the best. Depending on the author, the number of copies ranged from 100 to 250.

And so on December 22, 1959, for the first time in history, 3,690 Quebec books set off for France. More than a century after the famous voyage of *La Capricieuse*, the French ship that in 1860, brought Quebec the first French books to arrive there after the Conquest.

The first France-Quebec agreements were followed by a long silence . . . Finally, on December 7, 1963, four years later, we received the final report on the operation: Hachette managed to sell exactly 523 Quebec books in France and throughout the francophonie! We received a cheque for $606.79, to be shared among all participating publishers, after subtracting shipping costs of $222.51.

A few editors had their unsold books shipped back, at their expense. Gaston Miron was amazed when he discovered that Hachette had not even bothered to open the boxes containing works published by l'Hexagone, a very prestigious firm. The books had spent four years in France, in their shipping crate!

Finally, Hachette advised our publishers association that we would have to pay the cost of shipping back the 2,364 unsold books they wanted to return to us. Magnanimously, reacting much like beggars who lose their temper, we decided that those damn books would spend the rest of their days in France, come what may, and gave them to the Quebec delegation in Paris!

Since that day, and even after the Macdonald report, I must admit I find it hard to believe that a small country has anything to gain by negotiating free trade, whatever that means, with a big country. Small may be beautiful but big carries a lot more weight.

That is why, honourable senators, with the writers, booksellers and publishers of my country, I fervently hope that my fellow Canadians will rally around the wise policies of our Minister of Communications, the Honourable Marcel Masse.

• (1730)

[*English*]

Hon. Heath Macquarrie: Honourable senators, I am pleased to be discussing the matter before us, although I am a little ill at ease at coming to it under rule 46(g), which defines it as a matter of compelling urgency, because it is a matter that I have been interested in for many years. I would not have minded talking about it yesterday, for instance, or the day before. I simply wonder what happened since I was here yesterday to bring it now under rule 46(g).

Honourable senators, I was interested in Senator Grafstein's speech. I was impressed but not surprised by Senator Roblin's masterly speech. I appreciate very much Senator Hébert's review and overview. I did not know all that much about these Hachette. They are really a bunch of—I will not say what—but they do impress me in a negative way.

The opening words of Senator Grafstein, as I remember them, were to the effect that "crisis" is often an over-used word. With all due respect, I think that, perhaps, he over-used it. I do not think that anything has happened to bring down upon us a crisis atmosphere. Therefore, I hope that I will be pardoned if I am neither histrionic nor overwrought in my brief remarks.

I am also a little baffled because everybody seems to think that the Minister of Culture—as the Minister of Communications is sometimes known—is doing an excellent job and I do not feel as though we are in a debating forum here because I do not see a "pro" or a "con" in this regard. As I have said, we all think that he is doing an excellent job—in fact, one of the more interesting things to have happened over the past few days is his return to cabinet. I think that that is a development we all rejoice about.

Some Hon. Senators: Hear, hear!

Senator Argue: There are a couple more who could be invited back.

Senator Macquarrie: Well, I do not think that any senators will be invited back and I have no eternal or infernal or any other kind of springs bursting within me in that regard. I think that they will probably get along well without me and most everybody else here except for Senator Roblin.

Senator Argue: That is not quite what I meant.

Senator Macquarrie: I didn't think so. I suppose that we could say, as Robert Stanfield used to say, "Wait and see." Anyway, we might as well try to keep to this particular subject until 6 o'clock at least.

● (1740)

I was shaken when Senator Grafstein suggested that the Senate might become a cultural Auditor General. Think of that! I have been thinking off and on all afternoon about what in the world we would do and how we would do it, and who would do the most of it. Anyway, all of these things are very important and very worthwhile, and if I seem to be a bit facetious, it isn't so. I know that it is an enormously important matter which Senator Grafstein has brought before us, and has discussed with great lucidity and, I think, great intellectual perception.

There is no doubt that this country has had to struggle through the years to preserve, first, its territorial sovereignty, its independence, and what we might call its independence of spirit. Another great Manitoban, Senator Roblin, said:

> Canada has preserved and confirmed the essentials of the greatest of civilizations in the grimmest of environments. It is an accomplishment worthy of a better fate than absorption in another and an alien society, however friendly and however strong its own ideals.

And the reason why I am not—

An Hon. Senator: It was Morton.

Senator Macquarrie: It was Professor W. L. Morton. I said "another great Manitoban," because I recall that Senator Roblin made some excellent comments along those lines in very fine language. I believe that has been the case.

Last week I was at a very fine function put on by the most excellent minister in charge of the environment, the Honourable Tom McMillan; and the theme of that was the creation, 100 years ago, of our first national park. I thought how interesting it was that that coincides with the completion of our first railway. The two are linked together, the physical fact of Canadian nationalism. Without the railway, we would not have had "the Dominion of the North", as it was called so eloquently and appropriately, and without that spirit in a pioneering society that our natural heritage must be preserved and set aside from any encroachment, whether it comes from big or small business or anyone else; that this belongs to the nation for future generations.

Then I believe even more significant in the parks program was the setting aside of historic aspects of our past, saying that in these, Canadians today and Canadians tomorrow, in all the tomorrows that our nation survives, will find here a common focus, a common challenge, to maintain the best of that which is our heritage.

We have had, as did our ancestors, public men who at times have had to take strong action and ask the state to buttress the culture. Not many people ever say too much that is good about R.B. Bennett, but he set us off on the course of public ownership of the great communications media. What became the CBC was established during his administration. That led to a lot of things that I suppose he never visualized; yet it is an integral part of our heritage. If it had done nothing better than to air "Anne of Green Gables" a few nights ago, it deserves credit. I thought, as I watched that, that, "Here is a little country girl from Prince Edward Island whose books this day are produced in the eight million." She never had a Canada Council grant, or anything of that kind, and I think that those who were involved in all of the writings about her today could not survive without some kind of assistance. Therefore I am very strongly in favour of the institutions that we regard as our important cultural institutions.

I am not troubled about this moment of peril or crisis, because I believe that those who are concerned about these things are the people who are in the seats of power today. I believe that Mr. Masse made one of the finest speeches on this subject in Quebec last July. He commenced his speech with an excellent quote from Albert Camus:

> Without culture, and the relative freedom it presumes, society, even when perfect, is no more than a jungle. This is why every authentic creation is a gift to the future.

He goes on, in a succinct and thoughtful speech, to indicate the things which, under his leadership, and that of his colleague, is strengthening and sustaining the very aspects of cultural outgrowth which we are talking about today. So therefore I am not worried or disturbed.

Then I read a recent speech made by the chief negotiator on trade matters in connection with the United States—Senator Roblin referred to it—namely, the speech by the Right Honourable Joe Clark. His own department sets out a summary of the speech, and there are reassuring things here. In a speech made in New York, he said:

> The protection of our distinct cultural identity is of singular importance to Canada.
>
> Our government's intention to promote culture in Canada through direct financial support is simply not at issue in a trade negotiation.
>
> Our government believes we can strengthen our cultural identity while at the same time building on our economic relationship with the U.S. That is the modern reality in Canada.

There once was a time, at the time of one of our great heroes in Canada, when we had to assert economic particularity to preserve our cultural identity. That was in the time of Robert Borden. But our institutions have matured. Our fathers were told in the maritimes that we had to have tariffs in Canada to protect the infant industries of Ontario; and some

maritimers used to say—and I suppose the westerners also—"Yes, you are going to let them die of old age before you drop those tariff walls." So we have matured; and that is why I think they have rightly come to the conclusion that the economic possibilities that are ahead of us are not a threat to this country, because we have become much more mature than we ever were.

At the same time, I want to take no chances. I liked the way that Senator Hébert closed his address. We should all support Mr. Masse and his colleagues in this, because we can take no chances. We have uncertainties, but we must look upon them with confidence.

I have to say that I learned something today. When I was a boy in Prince Edward Island, reading some of these books that were published by a certain Toronto publisher, my teacher always said that that was "Ginn and Company", with a hard "G". Now I hear it's pronounced "Jinn and Company", with a soft "G". But then I remembered that Prince Edward Island was the last place in Canada that retained prohibition, and I suppose no one dared to use the word "Jinn" with a soft "G" in a decent little school in Prince Edward Island. So I have roughened up a bit and I am now prepared to call it "Jinn" and Company, with the soft "G".

• (1750)

I was trying to refresh my mind on some of the things which great Canadians had said before about culture and one which amused me a good deal is:

> No heritage is worth preserving unless it can survive the sun, the mixed marriage or the foreign periodical. Culture cannot be legislated, budgeted or protected with tariffs like potatoes.

That is Mordecai Richler. It is a very good one, but I do not know that I agree with him at all because we do have difficulty over potatoes. It is a very sensitive and delicate mechanism to get that tariff at the right time of the year at the right rate. Marshall McLuhan came forward, as one would expect, with a most interesting comment, and I find great verity in this:

> The 19th century helped us make business into a culture. The 20th century turns culture into a business and all cultural matters are enormously profitable.

I am not such a babe in the woods, although I am pretty babyish in the field of business, and not so innocent as not to know that there is a great deal of this line of thought in the sudden and great interest of certain great corporations in how we pronounce coffee.

Honourable senators, I will give someone else the opportunity to take the floor and make their introductory remarks. I am very happy to have participated in this debate. I find that I am in agreement with almost everything that has been said. I think we must all follow the example outlined by Senator Hébert in his closing remarks and support Mr. Masse in his strong assertions on behalf of our cultural pride and our cultural identity. I am sure that all senators and all Canadians will do just that.

The Senate adjourned during pleasure.

At 8.10 p.m. the sitting was resumed.

Hon. Dan Hays: Honourable senators, it is a great honour for me to have the opportunity to participate in this debate, following so many distinguished speakers and so many distinguished speeches. I would like to take the time allotted to me to talk about a narrow cultural area, the area of broadcasting, and I will, perhaps, try your patience a little with some numbers and some statistics.

I, myself, feel that there is currently a threat to the continuing evolution of a Canadian culture in the way that it has evolved to this point in our history insofar as broadcasting is concerned. I believe the threat exists because the will of the government to support public broadcasting seems to be in question. Symbolic of that lack of will is the current uncertainty about Canada's cultural industries in the face of trade negotiations with the United States. Hard evidence of that lack of will is the cut in funding to cultural agencies and the compromise and testing by government of the arm's-length relationship that it has with the cultural agencies that it funds. As I say, the context of my speech will be broadcasting, and I would like, as quickly as possible, to give some hard numbers on why I am concerned and why I think that all senators and citizens should also be concerned.

Culture is, by dictionary definition, the sum total of ways of living built up by a group of human beings which is transmitted from one generation to another. I would like to quote a former president of the CBC, A.W. Johnson. In making a presentation to the Applebaum-Hébert Committee, he said:

> Broadcasting . . . is the most powerful means by which modern nations and peoples share a common experience, learn about their national identity, learn about their culture, learn about themselves.

As well, I would like to quote, both now and later, from an excellent article called "Changing Channels" which appears in the current issue of *Canadian Forum*. It is an article by Sandra Gathercole which states:

> Television is the most powerful social force in the modern world, a force neither culturally nor socially benign. Television "refashions us in its own image," as the 1951 Massey commission charged of Hollywood movies.
>
> We are what we watch. Television secretes a value system that is most effective when the medium appears to be at its most innocuous: when it is "entertaining" with dramatic programming. American "entertainment" programming is really the breeding ground for an American view of the world . . . Studies done in the last decade have shown that Canadian school children think the FBI is a Canadian police force and know more about the laws, institutions and mores of the United States than those of Canada. An Ontario Royal Commission on violence in the media, and a CRTC examination of sexual stereotyping on television concluded that we cannot correct these problems. They are a function of the fact that we import our television.
>
> As a nation, we have nurtured a naiveté about the significance of this imprinting.

Broadcasting is only one of the means by which we are informed about ourselves, our ideas, our values, our faults. I think that it would be worth our while to spend a few minutes trying to identify what it is that we are watching. Before doing so, though, I, as many speakers have done today, would like to quote from our current Minister of Communications, Marcel Masse. The quotation I would like to bring to this debate is from a statement made in September of this year in Halifax at a federal-provincial conference. In that statement, Mr. Masse said:

> What is the meaning of cultural sovereignty today? It means that the major institutions for self-expression contribute to the distinctiveness of this particular people. Furthermore, these cultural institutions must operate in such a way that they can and do reflect this people's uniqueness, in history, development and current society . . . .
>
> Any people's cultural expression can best be produced, nurtured and promulgated, with vigor, by themselves. A young American, a valedictorian at the University of Pennsylvania, one Thomas L. Janeway, stated the case with prescience over one hundred and fifty years ago: "The true sovereigns of a country are those who determine its mind, its mode of thinking, its tastes, its principles; and we cannot consent to lodge this sovereignty in the hands of strangers."

To go back, then, to the matter of what we are watching, I would like to refer at this point to comments that were made in an address by the President of the CBC, a copy of which was circulated with the corporation's annual report which came out, I believe, a couple of months ago. The statement relates to this important question of what we are watching and it says:

> Canadians now spend over half their leisure time watching television:
>
> More than three hours per day for every man, woman and child in Canada.
>
> More than 2 1/2 hours per day listening to radio.
>
> By the time our children reach the age of 12, they will have spent about as much time watching television as they will have spent in school, namely 10,000 hours. For

English speaking children, 80% of those television hours will have been spent with U.S. programs.

He then goes on to say:

In English television particularly, we have, in fact, developed a system which is substantially American—three-quarters American.

Only 28 per cent of all English language television available in Canada is Canadian.

In Prime Time—from 7 to 11—only 26 per cent of all programs available on Canadian screens are Canadian.

But let's look at the biggest problem of all! Drama.

English speaking Canadians have available more than 52,000 hours of television each year.

Out of this staggering 52,000 hours, about 14,500 hours are Canadian but perhaps the most important thing is that 17,500 hours are drama and they account for 50% of what people watch on television.

But of all these hours of drama that English Canadians can watch, only 375 are Canadian drama—about 1 1/2%. That includes everything: stories for children, for adults, situation comedies, other series, classical drama, etc.

In English, for every hour of Canadian drama on Canadian TV and cable, there are more than forty-five hours of foreign drama.

We have abandoned our national stage to another society.

That is a very powerful statement and one that I think is worthy of note, honourable senators.

I would like to turn now to some statistics. As I said earlier, I hope not to try your patience too much with them. I have already used some statistics, but the statistics I would like to refer you to now are contained again in materials that were distributed by the Canadian Broadcasting Corporation at the time of its annual report. As is often the case, we receive these materials but, because of busy schedules, we are unable to spend the time on them that we would wish. The remarkable thing that I would like to draw to your attention, or draw to your attention again if you have already looked at these materials, is that there is information on the viewing habits of Canadians. The thing that is important to me, and I hope you will share my view of its importance, is that on all television stations in Canada, the CBC accounts for a total of 26.5 per cent of viewing time of Canadians; CTV accounts for 22.4 per cent; the rest is divided among other Canadian and other English, pay and American services.

While that is important and significant, it is of more importance and significance, I think, to look at the break-out of English and French. On English television, the CBC has a 22.2 per cent share of the audience; CTV has a 28.5 share; the American channels account for 31.9 per cent of the viewing time of Canadian viewers—far more than CBC; far more than CTV. Other independent Canadian stations account for the difference of 15.5 per cent; pay television accounts for 1.8 per cent.

On French television, the story is quite different: CBC French accounts for 43.8 per cent of the total viewing audience; TVA accounts for 49.2 per cent; Radio Québec, 5.5 per cent; and other French, 1.5 per cent.

These are important figures because they do confirm the statements that I have quoted from Mr. Juneau's speech to the effect that we are watching predominantly American programs. They are important to you because of the information I have quoted from, to the effect that we are, in many respects, what we watch, and we do spend a tremendous amount of time watching television.

To try to bring a little more life to these figures, I have asked for and received the most recent statistics on audience share of Canadian television. The statistics are for the week of October 28 to November 3. That was the most recent week's statistics available. With regard to that week, 33 per cent of the audience share was held by American stations; 27 per cent of the audience share was held by CTV; 20 per cent of the audience share was held by CBC; and all others, some 12 per cent. During that week the top 25 programs which were aired on CBC included 17 Canadian programs. Just as a matter of interest, the top program was an imported program, "Dallas", and had an audience of 3.7 million people. The next was a Canadian program entitled "Raccoons", which had a total viewing audience of 2.2 million; the next was "Hockey Night in Canada", which had a total viewing audience of 1.9 million. There is then a number of American programs, such as "Newhart" and "Walt Disney Presents". The next Canadian program on the list is "The National", which had an audience of 1.6 million with "Marketplace" having an audience of 1.4 million people. That gives honourable senators some idea of the reality of Canadian television during that particular week.

The top 50 programs aired on the CBC and CTV contained in the top 25 only five Canadian programs, one of which was aired on CTV and four of which were aired on CBC. The top program on both networks was "The Bill Cosby Show", which had an audience of 4.8 million people; "Dallas" was next, and then "The Miss Canada Pageant", which had an audience of 2.2 million people. That was followed by "Raccoons". That gives honourable senators an idea of the extent to which American programming has dominated our airwaves.

A picture of Canadian viewing is what I am trying to convey at this point in my speech. I am also trying to convey the fact that there is not enough Canadian entertainment on our airwaves. I will spend a few minutes discussing why there is not enough Canadian programming. Again, I should like to quote from the article "Changing Channels". In that article Miss Gathercole points out:

> Long before the arrival of television, the Conservative government of R. B. Bennett had established, in setting up the CBC in 1932, what has been termed the most important cultural principle in Canada: that the airwaves are public property. Subsequent broadcasting legislation assumed a predominantly public, predominantly Canadian system.

Television began on this premise with a CBC monopoly because, in the words of the Honourable Lionel Chevrier, the then Minister of Transport, in reply to a question asked in the House of Commons:

> —it is perfect nonsense for anyone to suggest that private enterprise in Canada, left to itself, will provide Canadian programs. People who invest their money . . . will certainly invest it where they will make the profit . . . by importing American programs.

As true, honourable senators, then as it is today, although some major breakthroughs have been made. I think it is fair to go on and quote further from that article:

> The private sector's default is not a matter of moral inferiority but of structural inevitability. Commercial broadcasters in Canada honour domestic production commitments at the expense of their profit margin. Consequently, putting private broadcasters in charge of providing Canadian content is tantamount to giving up that objective. As the CBC's Mark Starowicz has said:
>
> > The Canadian marketplace is too small to generate such Canadian production from the commercial market; there will never be a Canadian Broadcasting System if it is governed by the rules of commerce and profit alone . . . the very words of R.B. Bennett.

Again, I will try to reinforce that by reminding you of the statistics that I have just quoted with respect to Canadian and American programming. I should like to give you some examples of why this is so. The program "Dallas" has a production cost, I am told, of approximately $1 million per episode. You will recall that during the week I used as an example that was the most popular program on CBC. The cost to CBC for a one-hour episode of "Dallas", I am told, is in the neighbourhood of $50,000 to $60,000.

Let us consider that in the context of drama produced in Canada. I am told that the outstanding production that some of you may have seen, "Anne of Green Gables", which was aired just this week, had a total cost of $3.4 million. That was for four hours of drama, and that translates to $850,000 per hour. Let me compare that to a recent American mini-series which I think is somewhat comparable, "North and South". The cost of that series was $25 million for 12 hours, which translates to $2,083,000 per epidsode. Of great significance is the fact that "North and South" will probably pay for its production costs through U.S. distribution. It is simple arithmetic; they have a prospective audience of 250 million people. "Anne of Green Gables" will not recover its costs through Canadian distribution. Hopefully—and I am sure it will because it is such an outstanding production on which the producers, including the CBC, should be congratulated—it will return its costs and be profitable, but that can only be done by having it distributed worldwide.

I do not want to make a lot of this, but I say that as substantiation of the fact that we do require public funding for our dramatic productions, and in the absence of that, we simply will not have them, and there can be no commercial motive to provide this because of the much lower cost of the imported product from the United States, which has very high production values to Canadian life, because they can afford to do the pilots, they can afford to scrap programs and do things that we, in Canada, are just not able to do because we serve such a smaller market.

The solution is not to say: "Well, produce programs that will serve both the Canadian and U.S. market," because the U.S. market will demand U.S. values and U.S. reference points, and to do that is self-defeating in terms of trying to encourage the private sector to produce Canadian programs.

I should now like to spend a few minutes on the subject of whether the cost of public broadcasting in Canada is exorbitant.

● (2020)

Another publication which accompanied the CBC annual report is a financial overview which contains some most interesting information. The overview indicates that for the last fiscal period the cost to Canadians on a per capita basis is roughly nine cents per day for the government contribution to CBC. That amounts to $32.85 per year per Canadian citizen. The overview illustrates some interesting comparisons to the nine-cent-per-day cost. It indicates that a daily newspaper costs 35 cents; a bus ticket, 90 cents; and a packet of cigarettes, $2.75. To that list I should like to add the comparison to a ticket to the production of "Cats" in Toronto, which costs $42.50 for two and a half hours of entertainment; and a ticket to the Canadian opera varies from $20 to $57. When you consider the immense entertainment value you receive for a public contribution to national public television in that context, I do not think it is a high cost; on the contrary, I think it is very reasonable.

Honourable senators, I happened to be reading an article recently which was a special in a somewhat dated *Time* magazine. I was interested to note a reference in that to NHK, the Japanese public broadcasting organization. The article states that the NHK, like the BBC, subsists on the collection of fees. I assume the figures are 1982 figures. The fees charged to subscriber homes in Japan for public television are $41 per year. Using the current Japanese population of about 118 million people, I tried to arrive at the per capita expense and, to the best of my ability, it worked out to four cents per day in 1982 figures, which, strangely enough, is almost exactly what our public contribution to Canadian public television in 1982 amounted to.

It is important for us to consider the costs of public television in the perspective of its cost per capita and its overall importance—and I should not say "primarily"—to our sovereignty because it is the most watched reflection of ourselves we have, bearing in mind the figures I used a little earlier on setting out the amount of time we spend watching television and what we watch.

The next question I should like to spend a few minutes on is this: Is the CBC inefficient? I think it is fair to say that the CBC has a bad image, although I am not fully aware as to

why. In any event, let me quote again from the speech of Mr. Juneau, the President of the CBC, when he addressed the Sainte-Foy Chamber of Commerce on November 6. In that speech he said:

> And spare us the foolish talk about the CBC being able to offer all the services requested of it by cutting its administrative expenditures or reducing the number of its vice-presidents. What foolishness! What stupidity! And what hypocrisy!
>
> Some banks, which everyone regards as models of administration, have over 100 vice-presidents; the CBC has 14. Why must we measure things using different yardsticks? CTV, which manages only one English television network, no radio, no international service, no Northern service, almost no production, no local English or French stations, has nine vice-presidents. Once again, why two different yardsticks?
>
> The CBC is administered as well as any government department.
>
> One example: during the cuts last fall, the CBC laid off 350 people and abolished 1,150 positions, out of a total establishment of about 12,000 people.
>
> The federal government, in its programs to reduce expenditures and personnel, laid off 130 employees out of 225,000 and abolished 3,000 positions.
>
> The time has come to challenge the lies, slander and hypocrisy which circulate in connection with the CBC.

I should like to refer again to the article, "Changing Channels", and quote from it as follows:

> If it is truly government policy to maintain a Canadian presence on television, this substantial expansion of public-sector programming must happen. In television, as in film, policy-makers have been blind to this obvious conclusion—despite the progressive deterioration of the private industry record—because of the misconception that public sector production is inefficient. In the late 1970s, an independent management study of the CBC conducted by McKinsey and Company, concluded:
>
> > The corporation carries out its mandate with fewer resources than could the aggregate Canadian private sector as it is now constituted. Where the CBC incurs higher costs in individual program areas, it is generally due to the corporation's interpretations of its mandate responsibilities rather than to inefficiency.
>
> This country cannot afford to permit the marketplace to continue to decide the content of its television system. Policy must come to terms with the fact that the public sector has been the workhorse of Canadian content. To the extent that the Canadian television system is distinguishable from the American system, it is because of its public components; to the extent that the public sector is undermined, Canadian content is undermined.
>
> The real and present danger to this country's television is that budget cutbacks and privatization of CBC's production will mean a public sector appended to the private sector as that sector is now appended to the American system.

I would comment that the American system is not a bad one, but the American culture is much more secure than the Canadian culture. I think it is fair to say that it does not need the same nurturing and the same public concern that Canadian television does.

In concluding, I should like to make a few comments concerning what should happen. It seems to me that what should happen and what we, as legislators, should be thinking about and attempting to achieve is that more funding should be made available for public broadcasting in Canada, and that could be done in a number of ways.

• (2030)

We also have a responsibility to examine closely whether or not the CBC is inefficient, and deserves the image that it has.

It is more than a question of money as well. We need time to develop production capability. The production of Canadian drama or, for that matter, news and current affairs is not something that can be turned on and off by simply supplying money. It is something that takes time to develop and to evolve. We should be aware of that. In that context, it is of the utmost importance that we do not lose the momentum and the small, but important, base which we have achieved to date in Canadian drama. In the case of Canadian news and current affairs, it is a very great and significant base which we have achieved.

What could we expect from additional funding? We have heard over the years from CBC presidents and the commission that what we could expect from additional funding for Canadian public broadcasting is better quality programming. We could expect a second channel in both English and French. This is a commitment of the CBC. We could expect more secure and better quality regional programming.

The governments in the past and this government have tended to spend a lot of time looking into the CBC. These inquiries have served to delay much needed action. We are currently awaiting the Caplan-Sauvageau report. It follows the Applebaum-Hébert report which came down in 1982 and was followed by "Broadcast Policy Review" which was the equivalent of a full investigation and full report.

On average, the CBC has been the subject of an inquiry every three years since it was founded. To add to concerns that I have, there is uncertainty about the effect which the proposed trade negotiations with the United States will have on cultural agencies. This has been discussed in the debate already. The Leader of the Government in the Senate has made reference to the Prime Minister's "Essence of Canada" statement. Part of that statement indicates clearly that our unique cultural identity is something which is not negotiable. I am looking at an article in which this has been discussed, and I cannot help but subscribe to the conclusion that, if we are really ready to walk away from the bargaining table, as Mr. Mulroney suggests, rather than talk about medicare, Canadian

content in television or book publishing, we should make that clear from the start. I do not think that has been made clear from the start.

An article from *Maclean's* magazine of November 18 states:

> With the disclosure of secret government documents in *Maclean's,* External Affairs Minister Joe Clark suggested in the Commons that the government intends to put cultural industries on the bargaining table in upcoming trade talks with the United States.

Quoting again from the *Toronto Star* of November 27:

> Forming an agenda for negotiations, neither External Affairs Minister Joe Clark or his aides have asked advice from the CRTC or the government's other cultural agencies.
>
> "I don't know if that will happen,"—

—André Bureau, Chairman of the CRTC, says—

> —or to what extent we can help trying to define the position of our country. But the CRTC would be most willing to participate in consultations of that nature."

I am rather concerned that the cultural agencies which the government funds are not being consulted about this process. I acknowledge there is a group which has been established by the Secretary of State for External Affairs, which includes the chairman of Baton Broadcasting; the chairman of Telemedia Corp.; the president of TVA Television Network; the chairman of Maclean Hunter; a lawyer from Edmonton; a representative of the Association of Canadian Editors; chairman of the executive committee of Global TV; president of Fitzhenry & Whiteside Limited; and one author, Mr. Graeme Gibson. I personally do not think that that is representative of the group of people who are responsible for Canadian culture. I am sure it is an important and worthy group but there are others who are concerned with Canadian culture who, I think, should be included and consulted.

• (2040)

I again express my concern when I see that Mr. Bureau, Chairman of the CRTC and, apparently, no other cultural agency funded by the federal government is being consulted or used as a source of information in these forthcoming negotiations.

It is interesting as well that the one novelist author in the group is Mr. Graeme Gibson who wrote a letter to the editor of the *Globe and Mail* which was quoted earlier today by Senator Grafstein. To refresh your memory of what Mr. Gibson said, let me read a couple of sentences from his letter. He is talking about a meeting of this group and he states:

> We all tried, apparently in vain, alas, to persuade Mr. Clark that cultural matters must not be negotiable.
>
> Since we seemed unable to persuade Mr. Clark, several proposals were made with the hope we might have better luck before it is too late.

It is very clear that there is some confusion with respect to the position that Mr. Clark is taking on these important issues and the position that is being taken by Mr. Masse who, I believe, has been complimented today by many honourable senators on both sides of this chamber.

In conclusion, I should like to state again that we must recognize that we have something of immense value in the CBC, Radio Canada, and, as well, Public Broadcasting which is sponsored by the provinces which includes Radio Québec, TVO and Access. Those are the only three provincial networks that I am familiar with but I am sure that there are many others equally worthy of praise.

If we are to retain and enhance our culture and thereby our sovereignty we must support our cultural agencies with more financial resources and, of equal or greater importance, with our attention and vigilance. We should expect nothing short of excellence from our cultural agencies. We should expect that public money is well spent. I believe that public money is being well spent and, if not, we should make careful inquiries to satisfy ourselves on this point.

I believe that the priority now, as far as broadcasting is concerned, is to end the resort to inquiries which are now unnecessarily delaying the making of essential decisions on broadcasting. I have suggested a course of action—more resources. I would not be specific on the manner in which those resources are made available. We saw considerable success with the initiative of the last government with Telefilm Canada, the successor to the CFDC, in encouraging the production of more Canadian drama. There are ways of doing it. There are ways of involving the private sector and this should be done where possible.

The Leader of the Government in the Senate said we want our culture to expand and grow. I believe we must translate that sentiment into action. We can do so by pressing the government to deal with the present funding crisis and to resolve the uncertainty about cultural agencies in the Canada-U.S. trade negotiations.

Hon. Richard J. Doyle: Honourable senators, this is an auspicious occasion for me. It is the first time I have ever participated in an emergency debate.

Senator Frith: You have lots of company.

Senator Doyle: I had spent a wasted boyhood thinking in terms of things like Churchill meeting the war cabinet below ground during the crisis, and I find this is what it is really like. It is a pleasure to be a participant.

I should like to join the Leader of the Government in the Senate and Senator Macquarrie in their complimentary remarks earlier today to Senator Grafstein who, I think, did a good deal to set the tone of what has gone on since. I am particularly grateful to Senator Grafstein because he made a note of the fact that in a report submitted last August 23, and released a short time later as an interim report of the Special Joint Committee on International Affairs, both parties had reflected on the importance of retaining cultural identity in whatever went on in bilateral trade. We were not turning new ground. This had been a preoccupation of the government for some time. But it was a factor and one of the reasons why I

was puzzled today when I heard that this was a sudden urgent matter to be dealt with in this kind of a debate.

I have a short memory but it does go back to November 7 when we discussed in this chamber what we might do in the period following Remembrance Day. The suggestion had come to us from the Deputy Leader of the Government in the Senate that we should take a week off as the House of Commons was about to do and then return to this place to attend to other business and particularly to committees, although he did not restrict it just to committee work. He said that there was work to be done.

The Deputy Leader of the Opposition, on the other hand, cited tradition and practice and suggested that perhaps it would not be necessary for us to hasten back when we had so little work to do. I know that he was speaking of work in terms of dealing with legislation. I refreshed my memory today by reading some of the discussion that went on after the Deputy Leader of the Opposition went to his books and examined the record of a week off here, two weeks off there, and three weeks off at another time. There was no consistency but certainly good argument that perhaps a second week could be enjoyed.

Senator Frith: That is the word.

Senator Doyle: Yes, I think that was the operative word, although I do not think it was used in the debate itself. At least, I can find no record of it.

At page 1493 of the *Debates of the Senate* Senator Frith said:

> For that reason, honourable senators, I ask that the Leader and the Deputy Leader of the Government consider amending the motion to provide for our return on November 26. It seems to me that in the absence of any particular reason for our return, we would be following a trend, a reasonably well documented tradition—

Senator Doody later replied:

> I always worry that the longer the adjournment the more temptation there is for honourable senators to go elsewhere and perhaps attendance at committees would not be as great as it would be if we took a shorter adjournment, but I have no evidence to support that, and I hope that I am wrong.

Senator Frith then said:

> I see nothing in the legislation before us or the anticipated legislation of the non-controversial type that will cause any difficulty for us in the chamber.

The idea was that there was not any pressing matter. While the discussion was about legislation before us, surely the great urgent issues of the day are always before us. This one was clearly before us because, as Senator Grafstein pointed out this afternoon, it had been drawn to the attention of this place and the other place by the joint committee. If honourable senators want to assume that it was an emergency when the joint committee reported on it, then it must have been an emergency at the time we all agreed to an extra week's absence from this place. Suddenly, today, it is an emergency.

• (2050)

It is not for me to comment on what happened overnight or over the period of a week. The suggestion could certainly be made that some honourable senators had gone home, found a parade and thought that they had better lead it. If there was a parade, well and good, because I think a great deal of effort has gone into the business of creating a parade—effort on the part of the leaders of the government, on the part of the Prime Minister, on the part of the Minister of Communications and, this afternoon, very notably on the part of the Leader of the Government in the Senate.

Honourable senators, I do not wish to dwell on quotations, but since there were so many handsome things said this afternoon about the role of Mr. Masse in this entire business, there is one quotation I would make. I found a paragraph of his famous Baie Comeau speech that is simply irresistible in the context of what we are discussing today. I would like to read it into the record:

> If publishing is to serve the interests of Canadian cultural sovereignty and economic growth, there must be fundamental change. The government has recognized that there exists a direct link between the current condition of Canadian publishing and the role played by non-Canadian investment in this sector of activity. I believe we have created a policy which will respond to our cultural and economic imperatives, and which will nevertheless treat non-Canadian investors positively and fairly.

I think that that is a clear statement of the intent of the minister who has been blessedly restored to his office.

Honourable senators, the publishing industry in this country is one that has progressed remarkably over a short period of time. When I first went into the newspaper business in Toronto, I worked with a gentleman who was a pioneer in his way. He was the first book editor ever appointed on a full-time basis to a newspaper in Canada and his name was William Arthur Deacon. If he were alive today he would be well over 100 years of age. Deacon used to talk about and write about the early days of the Canadian Authors' Association, which he was instrumental in founding. In those days, the concern of that association was not with fighting American publishers—it was in finding publishers, finding someone who would print a book. The situation was such that the author might receive, by way of royalties, a few copies of his own book. The principal concern of the Authors' Association at that time was to take care of the poor, derelict authors, and in their number were some of the most notable writers of the day. They were impecunious; they had no money; they had no way of looking after their families; they had no residuals coming to them and they had no guarantee that their next work would be printed.

Honourable senators, I do not want to dwell on that past, I merely point out the remarkable distance we have come from that period in the twenties, the thirties and even into the forties, when there were so few who could survive in the business of producing Canadian literature. I think that we have come a remarkable distance. I think that it is the intention of the government, and I can find no evidence to the

contrary, to continue that progress and to do so with a great deal of zeal.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, like others who have participated in the debate, I wish to express my thanks to Senator Grafstein for drawing our attention to this particular subject. Undoubtedly, the matter has been sparked by the up-coming trade talks that are to take place between the United States and Canada. While there are problems within the cultural industries, while there are objectives, while there are policies, as has been noted often this afternoon, it is likely that this subject would not be before us in the absence of the controversy that exists throughout the country on the question of the trade talks and the objectives of the government with respect to these negotiations.

I must say that I was disappointed this afternoon that the Leader of the Government, in his reply, did not take advantage of the occasion to give us some information on the objectives of the government, some clarification on how the negotiations are to proceed or attempt to ease some of the concerns that have been expressed by certain sectors with respect to the up-coming negotiations. I am in favour of trade liberalization and I am surprised that the government is allowing the debate to proceed in a way that daily undermines the objective of the government and is not taking the necessary steps to provide us with the information we require.

On Monday, I attempted to clear up some of the uncertainty and confusion that prevailed following the First Ministers' Conference in Halifax with respect to the role the provinces would play in the trade negotiations. Following that conference, several premiers made it clear that the provincial governments expected to be directly in the room in the course of the negotiations—that they, along with the Prime Minister, expected to form the body which would give the instructions to the negotiating team. I have asked questions in the Senate; members of the House of Commons have asked questions of the Prime Minister and of the Secretary of State for External Affairs. Today it is Wednesday and that uncertainty still prevails. Nobody knows what the role of the provinces will be in these up-coming negotiations.

I must say that that creates additional uncertainty and serves clearly to undermine the objective of the government in seeking to launch these trade negotiations. I refuse to believe that the premiers made such a fundamental mistake in reporting the results of the conference. Since I asked my questions on Monday, I have had an opportunity to look at the transcript of the interview with Premier Peckford on CTV's "Question Period", which was taped on Friday, November 29, and aired on Sunday, December 1. I would like to direct the attention of honourable senators to a question directed to the Premier of Newfoundland on this particular matter. The questioner said:

● (2100)

> Mr. Peckford, you reached an agreement of sorts requiring provincial participation in free trade negotiations. Now there are a number of interpretations as to what that agreement actually includes or what is intended, but it seems to be premised on the idea that there is full participation by the provinces in the negotiations. Does that mean, as some of your colleagues suggest, that provinces have a veto over what is included in any trade deal, or even what is on the table?

[Senator Doyle.]

I found the reply of the Premier of Newfoundland quite useful, because he said:

> That is a very difficult question for me to answer at this point in time. I wouldn't say that it means that.
>
> Let me see if I can just describe it to you this way: most of the provinces, if not all of the provinces, want to have a role with the Prime Minister, say—or if there is another minister, then his counterpart—in this case it is going to be the 11 of us—in saying to a negotiating committee "Here is your mandate in this first round."

So the Premier of Newfoundland, in attempting to describe with care his understanding, claimed that the 11 is to be a committee which gives the mandate to the negotiating team. He goes on to say, honourable senators, that if later a further mandate is required, then the negotiating team will have to come back to all of the first ministers, who will give the negotiating team a fresh mandate.

So I ask the members of the government party in the Senate why it is not possible to have a clarification of this matter. Why are the Prime Minister, the Leader of the Government in the Senate, and the Secretary of State for External Affairs—all of them—refusing at this point to give us any information and refusing to clarify a fundamentally important matter?

I think it is important that it be clarified, because if it turns out that the premiers are mistaken, then they ought to discover their error immediately—because it may avoid the bitter disillusionment when they find in two or three weeks, or at the end of three months, that they were taken in in Halifax. On the other hand, if it is true that the negotiating mandate will come from 11 first ministers, then we all ought to know at the present time that we have created an unworkable system with which to conduct trade negotiations with the United States.

So here it is. With respect to this aspect of the trade negotiations, namely, the form of provincial participation, there is uncertainty, lack of information, contradictory statements, and all contributing to the undermining of the negotiations.

I must say that the same uncertainty, or lack of clarity, exists with respect to the cultural field. The motion that we are asked to debate with respect to the trade talks deplores that certain items have not been excluded from those trade talks—namely, the cultural industries—or that some guidelines have not been established which would direct the negotations with respect to the cultural industries.

At the present time the government has told us that everything is on the table. We had the Minister for International Trade before the Standing Senate Committee on National Finance on, I believe, October 16. He was asked by Senator van Roggen whether agriculture was to be excluded from the negotiations. His reply was that everything was on the table except those items that had been excluded or spelled out by the

Prime Minister in his statement to the House of Commons on September 26. Well, the Leader of the Government has already referred to the statement made by the Prime Minister on September 26. However, I think it is worth repeating, because it does illustrate how vague is the government's approach at the present time, and it does explain why persons like Senator Grafstein and the cultural groups in the community are asking for clarification of what is in the government's mind. The Prime Minister said—and I particularly want to quote this sentence:

> However, there is general consensus that we must seek to secure and improve our trade with the United States.

That was on September 26. Honourable senators, whatever consensus existed on September 26 has been weakened in this country since that date. It has been definitely weakened, and I have already referred to some of the reasons for that weakening. The Prime Minister went on to say:

> To shrink from this challenge and opportunity would be an act of timidity unworthy of Canada.

Some Hon. Senators: Hear, hear.

Senator MacEachen: It is odd that he didn't say it would be unbecoming temerity; but he said "timidity, unworthy of Canada". He said:

> It would be contrary to our national interest.

He then went on to make as follows the comment to which Mr. Kelleher referred.

> It would be contrary to our national interest. Our political sovereignty, our system of social programs, our commitment to fight regional disparities, our unique cultural identity, our special linguistic character—these are the essence of Canada. They are not at issue in these negotiations.

To deal with this question by the use of the phrase "our unique cultural identity" is to add to the problem rather than to contribute to its solution. It is necessary to define precisely, in these negotiations, and before the negotiations, what the government sees to be "our unique cultural identity," and how it intends to protect that "unique cultural identity" in the negotiations. Because it has not eased concern, because it has not cleared up this matter, we have a debate today and we have anxiety among the cultural groups which will grow and grow and grow and will only stop growing when the government accepts its responsibility and clarifies the situation.

We had a report which was tabled by Senator Flynn earlier in this session. It was the report on Canada's International Relations, which dealt with the question of the trade talks. The report recommended—and reference has already been made to this—that certain items be excluded from the detailed bilateral negotiations. In fact, the precise words of the committee are as follows:

> The Committee wishes to make several further recommendations as to the process and content of the discussions, as follows:
>
> 1. The Committee recognizes that both Canada and the United States will want to identify exceptions to the range of subjects to be considered in any detailed bilateral negotiations. These should include policy areas and policy instruments that are of fundamental importance to the maintenance of a distinctive Canadian identity or to keeping solemn commitments made to significant elements of Canadian society. At the top of the list would be cultural industries and cultural policy, social policies, the agricultural sector and the workings of the Canada-United States Auto Pact.

• (2110)

It was not my colleague, the Deputy Leader of the Opposition, who made this recommendation to this house. That recommendation was made by a group of senators including Senators Flynn, Doyle, Gigantès, Grafstein and Stollery. We have just heard from Senator Doyle, who completely overlooked this particular aspect of the resolution because the resolution is complaining that the government failed to exclude cultural industries from the negotiations. Senators Doyle and Flynn were among those who recommended to the government that these items be excluded. Indeed, when Senator Flynn made his speech to this house, he gave us the benefit of his experience as co-chairman of the committee and summarized the recommendations of his report. The report was ignored by the government on this point and is now being ignored by the senators on that side who brought it to the Senate, particularly Senator Doyle, who totally ignored in his speech his own participation in the formulation of a recommendation which is fully incorporated in this motion. In providing us with a summary of the report on October 2, as it is recorded in the *Debates of the Senate* at page 1318, Senator Flynn said:

> However, the committee gave, and this is one of the sensitive points which has already been debated and which will continue to be debated, a list of items that the Canadian representatives would not be authorized to negotiate. Therefore, matters of social and cultural policy deemed essential for the preservation of a distinct Canadian identity would not be negotiable.

Those are words the of Senator Flynn when he reported to this house as co-chairman of the joint committee in recommending to the government the very conclusion which Senator Grafstein has put before us for debate in this resolution. Senator Flynn told us that Liberal and Conservative senators unanimously agreed that cultural industries should be excluded from the negotiations.

Senator Haidasz: He is laughing now.

Senator MacEachen: Why did they feel that way? Did they agree in recommending the exclusion that the cultural industries would be threatened in any such negotiations? They must have had some concern and that concern is reflected in their recommendations and now in this motion. It is clear that the Prime Minister, Mr. Kelleher and Mr. Clark have said, "No, we will not accept the recommendations of the Special Joint Committee of the House of Commons and the Senate on this point, and we intend to put everything on the table except

those items that come under that vague phrase, 'our unique cultural identity.' I wonder whether the Prime Minister will say to Mr. Reisman, "Simon, you can negotiate everything except our unique cultural identity."

Senator Frith: To which Simon will say, "Oh, I understand exactly what you mean."

Senator MacEachen: And Simon Reisman will be permitted to decide for himself what that means and what is excluded. That is the situation that prevails at the present time.

I would ask honourable senators to follow the questions that have been addressed to both Mr. Clark and Mr. Masse in the House of Commons. Since his return to the House of Commons, Mr. Masse was asked explicitly, "What about the inclusion of cultural industries in the trade talks?" Instead of taking the opportunity at that time to clarify the situation, he referred the question to Mr. Clark. When Mr. Clark is asked about cultural policy and the trade talks, he engages in the same type of useless, vague generality that is contained in the Prime Minister's utterance, "our unique cultural identity." He talks about strengthening and preserving Canadian culture. He makes an even more brilliant comment intending to give reassurance to the cultural community in saying; "We intend to protect those who require protection." Those are his very words.

Senator Frith: Even Senator Flynn finds that ridiculous.

Senator MacEachen: I think there is a reason. I am respectful of the references that have been made to the cultural statement made by Mr. Masse at Baie Comeau on July 6—

Senator Doody: Hear, hear!

Senator MacEachen: —in which he made a number of very important comments—

Senator Balfour: Let's close the debate on that note.

Senator Frith: Why not, and leave them laughing.

Senator MacEachen: —and which have been repeated—

Senator Frith: Quote Joe, that will leave us all laughing.

Senator MacEachen: —in the debate today.

Senator Doody: Don't be nasty.

Senator MacEachen: For example, he said, "While the government is stating clearly that it considers Canadian control of this activity essential, the policy which it is putting forward is positive and fair." He is saying there that he regards Canadian control over book publishing to be essential. That is an important statement on cultural policy.

Senator Doody: Absolutely.

Senator Phillips: And a good one.

Senator MacEachen: Why is it that when Mr. Clark and Mr. Masse are asked about cultural policy and when the Prime Minister is asked about cultural policy and trade policy there is no linkage between the cultural objectives of the government and the trade policy of the government? I ask honourable senators to consider that point because when for example, the Canadian ambassador in Washington delivered a letter, we are told, to the Honourable Sinclair Stevens, urging upon the minister that he ensure that Canadian ownership in the publishing industry not become an impediment to the trade talks and urging a reversal of that policy, the Government of Canada did not take the opportunity to lay out clearly the guidelines which would govern its negotiator at the trade talks in the field of culture. It is too late now for the government to accept the recommendation of the joint committee which recommended that the cultural industries be removed from the negotiations. That is too late. The recommendation has been ignored, even though it carried the sponsorship of such a distinguished co-chairman as Senator Flynn. That has been ignored; we have lost that battle. What is required now is some clarification from the government with respect to what guidelines it intends to give to the negotiator regarding the protection of its cultural industries. These guidelines have not been given; they have not been made public and it is only today that a leading member of the cultural community has once again expressed dissatisfaction with the attitude taken by the Government of Canada.

• (2120)

On Monday, yesterday and today, in both houses of Parliament, the government has been given an opportunity to clarify its policy on the role of the provinces. It has failed to do that.

The industry has been asking for weeks now for the government to clarify its policy with respect to culture and the cultural industries, and the government has failed to do that. Today, the Leader of the Government had another opportunity to do that. He certainly gave a lively speech, but it added further to our confusion.

The fact of the matter is, honourable senators, that when the government launched this trade initiative, it did not know where it was going. It still does not know where it is going. It does not know where it is going with respect to provincial participation in the negotiations; it does not know where it is going with respect to the linkage between cultural policy and trade policy. It does not have the answers today to any of these questions. In conclusion, I want to say that, unless the government gives its attention very soon to these problems, and unless it provides some answers and eases some of the concerns that have been raised, then this important initiative in the direction of trade liberalization is bound to fail and, if it does fail, then the government can take that responsibility on its own shoulders.

Hon. Efstathios William Barootes: Honourable senators, I feel a bit like the little boy who followed the elephant in the parade. It is a little difficult to answer the questions of so experienced and wily a politician as the Leader of the Opposition in the Senate. I see that by a stretch of logic he was able to extend the venerable speech which he gave to us yesterday during question period, and continued the same argumentative discussion, replacing what today, I thought, was an agreeable discussion with what he seems to want to turn into an argumentative debate. I cannot take part in that debate, sir, because I must put it to you that, through your vast experience

and distinguished career, not only in the cabinet of Canada but particularly as Secretary of State for External Affairs, you know and recognize that it is not possible to negotiate with the government of another country by laying bare your position and showing your adversary, or your friend, across the table exactly where you stand. You must keep a few "hole" cards. Moreover, your vast experience must have told you long ago—

Senator MacEachen: Why don't you check with Senator Flynn and his colleagues, who took the opposite view?

Senator Barootes: You have done that for me, thank you very much.

Senator MacEachen: You should get your act together over there, and don't accuse me.

Senator Barootes: He knows that it is not possible for 11 people from 11 different jurisdictions to sit down and argue and negotiate as one. Surely they can get together on a consensus, on a position or on an approach, but it is not possible for 11 different and disparate groups to make one single argument at one single table. I doubt if there would be room at such a table.

However, the honourable Leader of the Government on our side was unable or unwilling recently to answer these numerous questions, and far be it from me, honourable senators, to try to answer the same questions that were asked yesterday *ad infinitum*.

I had a very odd experience this evening; I missed my supper period. We had a committee meeting and I sneaked away from it for half an hour or so. You may have noticed that I attended a group visiting in Ottawa, which brought to us "Shine on, Saskatchewan". In addition to that you will notice that I have been given a very interesting emblem. This is not an OBE; it is not a CBE; it is not an Order of St. Michael and St. George but it is extremely important. It is called "Hooked on Saskatchewan" and that is why the honourable senator and I absented ourselves from our meeting for half an hour and, in so doing, missed our supper. Senator Argue is ashamed to wear his. I am delighted and honoured to wear mine.

Whilst there, I want to point out a couple of the things that we experienced this evening by way of Saskatchewan culture. One of them was the gift of this record: "Saskatchewan After Dark". Lest you think that we lack culture, I want you to know that this record was produced—

Senator Frith: We have a bill before us on that, do we not?

Senator Barootes: If you want to play it, you could probably sing to it. You have such a lovely singing voice, I understand. This was produced by Studio West Canada Ltd. in Saskatoon, and I will give you the address so that you can obtain copies of it, because this will be a very limited edition.

Senator Frith: This is for us, not for our friends, right?

Senator Barootes: This is being done for our Heritage 1985 celebration year, and it will be interesting for you to know that this record was produced by over 100 of Saskatchewan's finest performing artists who have pooled their creative resources to give you "Saskatchewan After Dark", and they are giving away all of their profits generated from the sale of this album. I wish you all to get one.

Senator Frith: Nothing pressing or persistent, I hope.

Senator Hicks: Do they know about Bill C-49?

Senator Barootes: May I proceed? The profits generated from this album will be used to develop these and other Saskatchewan artists in the future to enhance our culture.

Some Hon. Senators: Hear, hear.

Senator Barootes: Moreover, honourable senators, I wish to tell you that we in Saskatchewan have a publishing group, which is what we are supposed to be discussing this evening—in other words, book publishing. This is called "The Western Producer" which Senator Buckwold and Senator Hazen Argue will tell you about. It is an off-spring of the Saskatchewan Wheat Pool organization and it publishes a number of books and, in fact, we hope that in preserving the health of the book publishing industry of Canada, our Western Producer group can also thrive, as can those in eastern Canada.

Honourable senators, this has been a glorious opportunity today for honourable senators to ensure that they have engraved in print for the future their intellectual loyalty to the preservation and enhancement of Canada's cultural sovereignty in the book publishing and distribution business, as well as in other aspects of Canadian culture. Indeed, you have done it admirably.

It is not surprising to me tonight to realize, as we unfurl the Canadian flag, that nearly everyone in this chamber is in harmony with the principles that have been expressed by so many distinguished speakers and with such eloquence.

• (2130)

All of us wish to be identified as protectors of the Canadian cultural industry. In fact, honourable senators today seem to be in a contest to see who is the greatest Horatio on the bridge of cultural sovereignty repelling foreign invaders. It is difficult to determine who is going to be the winning warrior in this battle because, in fact, we are all on the same side. The speeches have been eloquent and stirring and worthy of a modern day Demosthenes. I congratulate each of the speakers, but there is an old United Empire Loyalist aphorism about this, and that is that "fine words butter no parsnips." So, it is by our actions that we will be known.

Since we are all proud of and supportive of these Canadian goals, I assume that we can all agree with the statement that was read—that was as clear as could be, as clear as water, as clear as glass—by the honourable Leader of the Government in the Senate when he quoted the Right Honourable the Prime Minister of Canada. I think we can all agree with the Right Honourable Joe Clark when he said in regard to free trade negotiations on November 18 in New York, and I quote:

> Under no circumstances are we prepared to agree to any measures which weaken those Canadian industries or undermine their capacity to serve our cultural needs.

Senator Haidasz: Do you believe that?

Senator Barootes: I have to believe someone, and I am certainly no less inclined to believe the Prime Minister and the Minister of State for External Affairs than I am to believe anybody else in this chamber.

Senator Grafstein: That is a double negative.

Senator Barootes: Double negatives give a positive.

Moreover, may I go so far as to quote another person who has been, I think, lauded in this chamber today, and that is the Honourable Marcel Masse. He spoke specifically about the book publishing industry on July 6, 1985, at that wonderful shrine of political integrity in Canada, Baie Comeau. He said this:

> In this country, reading follows closely after television as a leisure activity.

I hope the senator believes that:

> It is, therefore, only normal that we treat books as an instrument of our culture, in the same way that we regard radio, television, or the press. In order to fulfill its role on the cultural scene, Canadian publishing must, on one hand, be under Canadian control, and, on the other, be able to influence its own development. Our publishers will not be able to exercise these choices if they do not control a significant share of their own market. This is the goal we seek.

I must say that I am mildly surprised that this subject of cultural sovereignty should suddenly become such an urgent subject for discussion. I am at a loss to recognize the logical reason for that. Note that I have used the word "discussion" rather than the word "debate", which the Honourable Leader of the Opposition would dearly love to make this.

Senator MacEachen: That is what we are here for.

Senator Barootes: I have used the word "discussion" rather than the word "debate" because that is what we should be doing here and are actually doing here this evening. We are not arguing, we are not debating, we are discussing.

Senator MacEachen: What's wrong with debating?

Senator Barootes: The reason for that is that our objectives are the same and are consistent with those of the current government and the former administration.

Senator MacEachen: Never!

Senator Barootes: We are really identical in our aims. We can, therefore, only reinforce our views and aims in this discussion, reinforce our desires, our intentions, and our objectives because, essentially, there is no disagreement on either side of this chamber.

Nothing seems to have changed from a day ago, a week ago or a month ago in respect of this issue. Why, then, the urgency of this motion? Is it because, like little schoolboys, we want to be first in line, or at least in the front row as champions of Canadian culture and book publishing? Why this precipitate concern about book publishing today? Are my honourable friends opposite, by any chance, anxious to obtain primacy of position on something that the policy of this and former governments has been to support and to guard? Why are we trying to make a political football out of what I regard as a universal concern for the book publishing industry in Canada? Why are we not supportive of the same principles?

I hope and I pray that I am wrong, but I believe that this motion was raised as a pure matter of political opportunism, of "me, too-ism", in an effort to gain some little political advantage on something that, more or less, we all support.

A couple of decades ago I went to the Minister of Education in Saskatchewan and to the Director of Curriculum because I was disturbed with the books which my children were reading in public school and in high school. I asked Mr. Janzen at that time: "Why are the books of that particular nature, and why is the department using those books in the schools?" It turned out that our history books, and nearly all of the other books that he had for review, were, as was pointed out elsewhere, American publications. At one time those textbooks had been the product of a rather thriving publication business in this country. The school textbook industry had been sufficiently profitable to enhance and support the publication of other books and periodicals before that industry was turned over to or allowed to be purchased by American organizations. I want to point out to honourable senators that I deplore the beginning of that invasion of our publishing companies in Canada, but I wonder when and under whose administration that sell-out began. It began approximately two decades ago. Surely, we do not wish to ascribe that fault to the current administration.

Senator MacEachen: That seems argumentative to me.

Senator Barootes: I agree with all honourable senators that this sell-out must be reversed and repatriated, lest our school books become an instrument of mindbending of our young people.

Since we are all of a similar view, and all looking for the same outcome, why should we even be trying to raise points of political blame? We are all in sympathy with the clear and straightforward statements that have been made by the Prime Minister and the Secretary of State for External Affairs, and we have all praised the activities of Marcel Masse.

• (2140)

If we all wish, as I interpret it, to attain the same objectives of a healthy and strong Canadian publishing industry, let us not impair our government in reaching its objective by controversy or by questioning and arguing the method, the technique or the instruments which are going to be employed to reach this desirable result. Let us be a help and not an impediment to our own progress in revitalizing, repairing and repatriating this vital and crucial Canadian industry. Let us not be part of the problem.

Again, honourable senators, I wish to thank and congratulate the speakers who prepared such stirring addresses on this important subject in advance and express my empathy with their ideals and with their aims in the hope that they will reciprocate by accepting the sincerity, the integrity and the similarly worthy support on this serious national subject which has been offered by this side of the house.

Hon. Senators: Hear, hear.

Hon. Sidney L. Buckwold: Honourable senators—

Hon. Senators: Hear, hear.

Senator Buckwold: —I am delighted to follow Senator Barootes who is a long-time friend, our friendship going back many years. I might say that he could have given my speech and did, in fact, use some of the material I intended to use. I can assure him that this is not a political argument.

Senator Barootes: I totally agree.

Senator Buckwold: The reason I am participating is because I do have some concerns which I want to express.

I was glad to hear that the Saskatchewan senator, Senator Barootes, is hooked on Saskatchewan: He is wearing his fishing hook symbol. I think he has swallowed it hook, line and sinker.

I am glad he referred to the Saskatchewan recorded album that he had entitled, "Saskatchewan After Dark." I highly recommend it, especially because, during the winter in Saskatchewan, we have very long nights.

Honourable senators, I should like to draw the attention of the Senate to an important segment of the Canadian publishing industry which is often ignored. I refer to regional publishers which publish books which often do not have a national market.

In my home city of Saskatoon, we are proud of such a regional publisher. *The Western Producer*, referred to earlier by Senator Barootes, is a division of the Saskatchewan Wheat Pool, an organization made up of about 70,000 farmers. Its editor is a most capable and highly-respected newsman, Bob Phillips. *The Western Producer* has a large circulation and is, for those who do not know it, a weekly publication.

The Western Producer has a major book-publishing department which produces beautifully printed books of high quality which are usually of regional interest although some have received national support and distinction.

Titles of books recently published include: *Prairie Birds*, featuring birds of western Canada; *Christmas Concerts in the West*, which is a compilation of memories of various individuals of Christmas concerts of days gone by; *The 100th Anniversary of the Calgary Stampede*, which occurs in 1986, written by the well-known Canadian author, Jim Gray; and *Prairie Lights*, a beautiful book of photographs by Courtney Milne. These are just some of the types of publications that I am sure many of you have seen and which we in Saskatchewan feel can be highly recommended.

Honourable senators, I believe that Canada needs these publishers for the publication of books of regional interest. These regional publishers, such as *The Western Producer*, must not be weakened in any way; otherwise, these important books, with a limited printing run, may not be published.

The editor of *The Western Producer* is concerned with the possible sale of major Canadian publishers to foreign owners. I was pleased to hear the assurance of Senator Barootes that this is not likely to happen. The editor believes, as do most Canadian book publishers, that this country needs a strong national industry. Foreign ownership means that publishing decisions will be made by foreign owners. For example, whether the printing is to be in the U.S. or in Canada will have to be decided. It will mean a foreign perspective on books of Canadian interest, and that includes books of regional interest.

• (2150)

Anything that weakens the major publishers has some effect on regional interests. That is why a publisher like *The Western Producer-Prairie Books* has a very real concern about these possible takeovers of important national publishing firms. If the large companies are weakened, all will be weakened.

The Leader of the Government in the Senate, Senator Roblin, in his very fine address, said that he was proud of the growth and development of Canadian culture. I was glad to hear him say that. I agree with him, but I believe all of us want to keep it that way. The sale to foreign owners of Prentice-Hall, Ginn and Company and Copp Clark Ltd. would have a negative effect on the Canadian publishing industry and Canadian culture.

As Senator Grafstein said so ably, Canadian ownership does make a difference.

[*Translation*]

Hon. Paul David: Honourable Senators, I have listened with the utmost interest to this debate on culture—a debate on a very high intellectual plane.

I think that the thoughts expressed by the honourable senators so far show that our culture is not at all endangered, at any rate, not in the Senate!

It must be conceded that a culture is irreplaceable. I have the impression that on this point, both sides of the chamber share the same philosophy, the same ideal, the same goals.

I have been wondering, since the debate, why it was so urgent. I am a doctor, and I have yet to see any symptoms that would require an emergency operation like this debate.

Nonetheless, since this seems to be a situation that has recurred in the history of Canada over at least the past twenty years, and since we own around 20 to 25 per cent of the cultural industries, we had better look on it as an emergency debate that has been going on for twenty years. Sooner or later we obviously had to get together to discuss the best ways of regaining lost ground.

Now is a good time, since it's surely easier to improve on 20 per cent ownership than on 80 per cent.

Moreover, just because I share the view of my colleague, Senator Barootes, who said that really this isn't a debate, because we all share the same opinion, that doesn't mean I think we can be indifferent to the discussion or exchange of ideas.

We can't brush it aside, either for the English-speaking Canadians or for the French-speaking Canadians in Quebec.

As a Quebecker and a francophone, I understand the apprehension that anglophones might feel of cultural assimilation by

the United States through the latter's ownership of the levers of the economy.

From that standpoint, I think we in Quebec have acquired a traditional experience, which has made us neither better nor worse than others elsewhere. With respect to the techniques of the fight, I think we can serve as an example.

For me, culture can be a book, a film, television programs, magazines—but it's more than the sum of such parts. It's a way of thinking, of behaving, of being, of reacting.

For me culture is our past, our present, and most certainly our future.

Finally, there is a question of will and of faith. I think Quebec has already shown its will.

In this perspective, it's obvious that we can only express the same idea, that is, that to some degree we fear this commercialized invasion of our culture by our friends to the south.

Faced with this fear, we all agree that we share it and that we want to improve matters. Like many of the senators who have preceded me, I am delighted to note that our Minister of Communications is ready to rise to the challenge and fight vigorously to preserve the culture we all hold so dear.

• (2200)

[*English*]

Hon. Hazen Argue: Honourable senators, I welcome this very important debate occasioned by the important motion of Senator Grafstein. We have heard important speeches made by Senator Barootes from Regina and by Senator Buckwold from Saskatoon.

At dinner time this evening I attended a reception at the Château Laurier, along with Senator Barootes, which was sponsored by the Mayor of Regina, Larry Schneider, who was in Ottawa promoting tourism for Regina and Saskatchewan. I believe that that is the second occasion that he has done a similar thing. I want to congratulate him, the City of Regina, the provincial government and the citizens of Regina who were there this evening and everyone else who played a part in coming to Ottawa, the capital of Canada, to show to those who came to the reception some of the cultural and recreational attractions of Saskatchewan. I was proud as a Saskatchewan resident to be there with Larry Schneider this evening and tc give him, along with Senator Barootes and others, some support in the efforts that he has undertaken on behalf of my city and Senator Barootes' city, and the province of Saskatchewan.

I want to associate myself with Senator Buckwold and Senator Barootes in the tribute that they have paid and the acknowledgment they have given to the good work of *The Western Producer* Publishing Company in publishing a large number of books dealing with the culture, the history and the life of residents of western Canada. They always have, I believe, not only a western flavour, but a strong Canadian flavour. With 70,000 other former members of the Saskatchewan Wheat Pool, we own this publishing company. I certainly agree with Senator Barootes when he said that we must as a nation now undertake the repatriation, by way of Canadian ownership, of the book publishing houses of this country.

[Senator David.]

I am proud for many reasons to be a Canadian. One of the reasons is that I feel our country and our culture is strong, and that we can resist the cultural inroads from the United States and the volume of television that is ours to see at any time. Another reason is because we have French Canada and that makes us different. A lot of French Canadians spread the kind of fervour and patriotism that many of us would do well to listen to and emulate.

Senator Barootes seemed to play it both ways tonight. He was constructive and responsible but every once in a while he said, "Well, there is a little bit of cheap politics." Politics is politics and I am not ashamed of playing it and I do not think I play it in a cheap way.

I think it is important that this debate goes on in the Senate. When *Hansard* is printed for this day it will be an important edition because it will have within it speeches by honourable senators on both sides of the house and from all parts of Canada saying, with some differences of emphasis, but saying together that we want to keep and develop our Canadian culture. We are different from the Americans and in going into these negotiations we want to do what is good for Canada and come out with success for our nation. I am happy to take part in this debate.

On November 6 I initiated, with the support of the Liberal caucus members, an emergency debate drawing the attention of the Senate—and I hope that I drew it to the attention of Canadians in many parts of the country—to the desperate situation facing farmers particularly in the drought stricken areas of western Canada. In putting forward that motion I had the support not only of honourable senators on this side of the house, and a lot of farmers and business people who wanted a flow of money into that part of the country, but I also had some prominent persons on the government side of the house, or attached to the government party, say to me, "Hazen, we need some pressure. We need to put some pressure so that action is forthcoming."

I can put pressure in a public or a private way and I am not really disturbed whether I achieve something by confidential telephone calls or representation to bureaucrats or have to make a contribution in a public debate, but the main thing is to try to get something done. I think that that debate played a part, although many others also played a part, in encouraging the government to come forward with an announcement and in strengthening the hands of those who wanted an announcement soon.

I do not know whether the press is going to pay attention to anything we say tonight or not. They are not here in droves; they are not hanging over the balcony writing down the words that are being said.

Senator Frith: There is room for a couple more.

Senator Argue: I think that the Canadian Press, as an organization, is not sufficiently aware of the crisis in the agricultural community. They think that a long debate on an agricultural crisis is just listening to another group of people who are hollering and complaining. But I noticed at the First

Ministers' Conference the main item for discussion put forward by many premiers, and the most repeated item at that conference, was the crisis in the agricultural industry.

Senator Barootes: And who started that?

Senator Argue: I guess we all had a part in starting it.

Senator Barootes: Premier Grant Devine.

Senator Argue: Oh, some of us were here 20 years before Grant Devine. We started it long before him.

Senator Barootes: He started it.

Senator Argue: He did not start it.

The Hon. the Speaker *pro tempore:* Order! Order!

Senator Argue: He went to Saskatoon to have a conference with some learned bureaucrats. He didn't start anything. I give him credit for what he said, though, and I give others credit for what they said.

Senator Doody: You're a lovely man!

Senator Argue: I try to be but I don't get it from listening to the Deputy Leader of the Government's side of the house. But I should not be distracted.

I was pleased that agriculture was put forward as a main item. I think that the Canadian Press should be paying more attention to the agricultural debate.

The debate in this chamber today is also important. We shall see whether three senators from Saskatchewan, speaking on somewhat the same theme, will be reported in *The Western Producer*. I have a particular interest in *The Western Producer*. I suppose that I am one of those once removed members, through the Saskatchewan Wheat Pool, who hauled our wheat there and became part of the system that way. At any rate, it is a good effort and I think it is one that should be supported.

• (2210)

We are going into trade talks with the United States, having come out of the Shamrock Conference. I do not think that it was well organized or well planned on the part of the Government of Canada or the Prime Minister of Canada. He seemed, at that Shamrock Conference, to be more inclined to curry favour with the President of the United States than to even follow the appropriate protocol—namely, to have arranged for the Governor General to meet the President of the United States.

Apart from that, honourable senators, I think that we are going into these free trade discussions at the worst possible time. In my judgment, we have a great deal to lose and perhaps not much to gain. Today we have a $20 billion trade surplus with the United States. We are winners and we have been winners. We are into that market and we are a growing strength in that market. Eighty per cent of the goods are duty free, 15 per cent have a 5 per cent tariff and 5 per cent have more than a 5 per cent tariff, so now we say that we are going to negotiate. Well, there are many people who are worried about those negotiations because of statements coming from eminent people in the United States administration.

I quote from the *Toronto Star* of November 6 of this year:

> A major U.S. concern in free trade talks with Canada will be to reduce Canada's huge trade surplus with the United States, according to U.S. Consul-General Donald Blevins.
>
> Pointing to the huge U.S. trade deficit, which is expected to exceed $150 billion this year, Blevins said it is the American view that "this can't be allowed to continue indefinitely."
>
> He said that, while Japan has the largest trade surplus with the U.S., Canada has the second-largest trade surplus.
>
> "There will be a lot of desire on the U.S. side about how to relieve that deficit . . .

Honourable senators, I am afraid that we are, through these negotiations, exposing ourselves to pressure from the United States. The negotiations will not be conducted on an equal basis because we are not of equal size or equal strength. Last year, Canada's surplus in trade with the United States was $15.4 billion U.S., or approximately $20 billion Canadian. That is a sharp 32 per cent increase from the previous $1.7 billion surplus posted in 1983. We are up 32 per cent in one year; we have a $20 billion surplus, and we say, "Great, we had better have trade negotiations." The Americans have made it clear that they want to reduce our surplus, and I suppose that there are two ways in which to do that. We can let them flood our country with their products or they will stop our products from entering the United States. I think that we are on dangerous and shaky ground.

I was recently part of a task force which was organized by the Liberal caucus and which visited four western provinces. We heard representations from many farm organizations and learned that they are absolutely terrified of free trade talks. The egg producers are afraid that their industry could be wiped out; the chicken producers are afraid that their industry could be wiped out; the turkey producers, dairy producers and wheat producers are all terrified of what surplus products could do to their industries. The breweries do not want free trade—they are scared to death. The co-operatives are also worried. I have had some experience with this government and its handling of co-operatives. I have in mind a case which took place in Hamilton last year. A co-operative was organized to take over a local porcelain company that was going bankrupt. That co-operative arranged financing which was assured through credit unions to the amount of $1.1 million, but this government allowed an American company to take over that porcelain company. This government rejected the bid of the local co-operative.

I am concerned that, in these trade negotiations, we will not be in a strong position. We want to protect our cultural identity, we want to improve Canadian content and Canadian control of our industries. It has been pointed out that in 1968 broadcasting in Canada was controlled by non-Canadians.

Through Canadian legislation and Canadian action, however, that situation has been changed. That industry is now owned and operated by Canadians. It is a paying industry. It is a revenue-producing industry and it is a Canadian controlled industry.

As to the Canadian film industry, it has won international acclaim. Thirty to 80 films are produced annually, but the distribution of movies and the movie outlets in Canada are controlled by foreign companies. Although $400 million was spent at theatre box offices in Canada, only 2 per cent of the revenue was derived from the showing of Canadian films.

With respect to book publishing houses, 18 per cent of the English language books sold come from publishing houses controlled by Canadians. The proportion of French-Canadian works from Canadian publishing companies is somewhat higher at 26 per cent. In my judgment, the crisis arises not only because of the attitude of this government towards the cultural industries of Canada in these negotiations, but also from the fact that the government is starting to cut back on its allocations to and its support of the arts in Canada.

I suppose it is understandable that, coming from my part of the country, I am interested in the economic benefits that flow to that area from these industries. I am interested in the impact they have on rural communities. There is a particular effort being made in Saskatchewan to bring the arts, in their various forms, to rural communities. From an article entitled "The Arts as an Economic Development Generator", written recently by Brenda Baker, we see that for rural Saskatchewan there is an important economic impact generated by the arts communities. It is pointed out in that article that when an artistic event takes place in a rural community, if approximately 200 people attend, 30 per cent will drive into town for the show. They will spend a total of $400 on gasoline. Perhaps 20 per cent of the people will make an evening of it and dine out, which will account for approximately $300 spent on meals. Others will go out for coffee or drinks after the show, which will generate the spending of another $250. Senior citizens will take cabs, which will amount to about $75. The artists and crew, averaging eight in number, will live in the community for at least a day and a night, spending $500. The result is that, for every $7 ticket sold for the performance, about another $7 per person will be spent at local businesses.

The arts are important. They constitute a big industry. The information I have is that it now earns about $10 billion annually. About 400,000 people are employed directly and indirectly in the industry; the industry pays $1.2 billion in federal taxes alone, an incredible 90 per cent return on Ottawa's investment.

● (2220)

There is a thriving and important arts community in the city of Regina. I have in my hand an article written by an eminent authority, Professor Michael Scholar, of the University of Regina entitled "The Economic Impact of the Arts". I should like to quote briefly from that article. It says:

[Senator Argue.]

> I would like to discuss strategies because it seems ever more obvious to me that we have been losing ground for some time now in the court of public opinion. For too long we have been arguing for increased funding—or even "zero growth" funding—by reminding Canadians that we are contributing to the preservation of Canadian culture. But the politicians have answered that the arts are a luxury they can no longer afford. The great debate in modern society is now based on economics—what can society afford? How can governments save money, reduce spending, and lower deficits for the general good of all?

He goes on to say:

> . . . let us prove to society that we can justify our existence in financial terms.

He adds:

> According to a recent census of manufacturers, the arts are the sixth largest industry in Canada . . . We are the eleventh largest in terms of revenue . . . We number more than 414,000 workers, about 4 percent of the labour force. That means we are nearly as large as agriculture, and we are larger than the total labour force of the Federal government, including the Crown corporations. Between 1971 and 1981, when the general labour force of Canada grew 39 percent, the arts labour force grew 74 percent. We are net generators of direct income for all levels of government. We pay more money directly to government in the form of taxes than we receive from government in grants.
>
> In Canada and the United States, surveys taken to measure the economic impact of the arts in their communities have all confirmed that the spin-off effect of arts activities is a magnitude of roughly ten to one. As one brief put it, for every $100 spent, we generate $1,000 in revenue for the communities we serve.

Professor Scholar goes on to outline an action program to convince governments—the federal government, in the main—to give greater consideration to the arts industry. I shall quote a few of the points he makes.

> We must provide continuing support to public personalities on the national level who have already spoken out . . . in support of the arts.
>
> We must answer misinformed and misleading remarks when they are cited in favour of cutbacks . . .
>
> Direct political action is called for. Just as we have organized ad hoc committees to protect heritage properties, so too we must be willing to form political action coalitions to fight cutbacks in the arts;

It seems to me that support for our arts community is support for the very life and soul of the Canadian nation; and Professor Michael Scholar and others have said, in supporting this very important economic endeavour, that really, in a sense, it is self-sustaining because it generates revenues that go to governments at all levels. Then, for every reason—for the sake of our country, for the sake of our future, for the sake of our

economy—we should support the arts and we should not agree that cutbacks are required.

To get a little more parochial, I believe that the city of Regina deserves greater consideration from the Canadian government in the kind of grants that should be available to various cultural groups, such as the following cultural groups in the city of Regina: the Cultural Exchange Society; the Multi-Cultural Associations; the Regina Symphony; the Saskatchewan Theatre Ballet; the Wheatland Theatre, Neutral Ground; Dance Works and the Norman McKenzie Art Gallery.

I believe there is great theatre produced in Saskatoon as well as Regina. "Paper Wheat" came out of the 25th Street Theatre in Saskatoon. It was a play depicting the growth, development and contribution of the co-operative movement in the province of Saskatchewan. It was very popular and very well supported. The Globe Theatre in Regina recently produced "The Hanging of Louis Riel", representing a very sad event for Canada, but a play that attracted crowds day after day and evening after evening. That kind of theatre, that kind of support of Canadian culture, that kind of support for the Canadian soul, deserves the support of all honourable senators and of the Canadian government. In dealing with the United States in trade negotiations, the Right Honourable Joe Clark needs to go in feeling that he has a powerful hand, that Canadians want to support, and fully support, our arts community; and we want him to say "No" to any frittering away of our control, management and development of the arts in Canada.

Some Hon. Senators: Hear, hear.

Hon. Brenda M. Robertson: Honourable senators, it is always delightful to listen to Senator Argue, and during my brief stay in this chamber I have been fortunate to be present when he has delighted us with his presentations. As we would say down home, he is a gutsy politician who believes immensely and enormously in what he is doing and saying; and that is good.

I have listened with considerable interest to the debate—or, rather, the discussion today—and certainly I agree with some of my colleagues who would prefer to call this a "discussion" and not a "debate", because, if I have understood correctly, we are all debating the same side of the issue—or almost all of us are—in support not only of the cultural community, which really permeates all of our lives, but in support of the government's position and stated policy, which I shall re-enunciate in a few moments.

In listening to the speeches, or the discussions, today, I thought that I should dig out a little information. Senator Argue has referred to some of this information, but I shall present it perhaps in a different way, because it is so important to remind ourselves where we have come from. Some honourable senators have rightly spoken about the fragile state that we in Canada seem always to be in regarding the development of our cultural community, and have pointed out that we must nurture it and protect it. This debate, this discussion, is excellent in this regard, because, honourable senators, I believe that it shows that we are all concerned and that we are speaking to this issue with a sincerity and dedication of support that is very important.

But in looking at where we have come from, I note the reverse side of the situation that Senator Argue identified. I do it because I think it is important. The penetration of Canadian markets by the United States cultural industries is such that 71 per cent of all programs viewed by Canadians on English-language television stations are American. Ninety eight per cent of screenings in Canadian cinemas are foreign, primarily American; and 85 per cent of domestic sales of records and tapes manufactured in Canada are made from imported master tapes. Seventy five per cent of our domestic book market and 71 per cent of our periodical market are imported foreign products, primarily American. Of course, the other figure that has been mentioned here today on a number of occasions is the $1.1 billion in revenue from book publishing of which only 20 per cent is Canadian ownership. That is not a particularly good record, and we know how hard successive governments have had to argue and to fight even for that limited success. Certainly, those figures are nothing to be particularly proud of, and much co-operative energy is required if we are going to advance those figures to a more significant level.

• (2230)

The results of those figures did not occur overnight. There are other problems our cultural community is experiencing and they should not be ignored. I hope that some honourable senators are not suggesting that the cultural community must not be discussed at all in these trade talks. The Secretary of State for External Affairs, the Right Honourable Joe Clark, stated in New York in November that our commitment to cultural sovereignty should not stop us from seeking better trade rules for cultural industries and that from Canada's point of view better rules are both possible and desirable. He cited the example that Canadian performing artists and writers have proven their excellence but have found U.S. immigration rules a barrier to access to that country. Our film makers would like to increase their presence in the United States market, but they have found the distribution system a major obstacle. However, we have one rather delightful success story right now. Perhaps some of you have seen the delightful Canadian made film, "One Magic Christmas." This film at present ranks third at the box offices in the United States for this week. That says a great deal for that particular production and the quality of work of our people in the film industry. Certainly, this film is one of the successes of the Canadian film industry for this year. However, our artists, writers and so on are experiencing problems, and somewhere along the way it is important that we try to alleviate some of them.

I do not want to prolong the debate, but I would like to reiterate the policy of the federal government. In preparing myself for this debate I reviewed some of the statements made by and on behalf of the government. I am delighted that there have been so many positive statements in the documents I was

able to pull out, not only by Marcel Masse, who is such a good minister, but by the Prime Minister, by Mr. Clark and others. If one reads many of these statements carefully, one will know that the government is commited to the cultural community and to the preservation and development of that community.

I have been advised that this is the first time that Canada has stated a particular policy for book publishing. Various governments have talked about it but we are finally edging into a policy position. The government's policy supports a strong Canadian book publishing and distribution industry, owned and controlled by Canadians. The policy is designed to help protect and enhance Canada's cultural identity and sovereignty and, certainly, it will enhance the economic viability of the industry. The government is interested in seeking new arrangements which will allow these firms to acquire greater access to markets abroad. Honourable senators know what the Investment Canada review is all about and know about the importance of those statements by the minister. In looking over this information and our very strong position, I feel satisfied, but not complacent, that this government is moving in the right direction. I am delighted that so many senators in this assembly have spoken in support of those policies in this excellent discussion.

I must say that I have found it very interesting to listen to the speakers in this debate. I feel that we are on the right path. However, I cannot see the urgency, as so many honourable senators have suggested, for the debate. I have spoken in other places during many emergency debates, and I must say that this is the calmest emergency debate I have ever participated in. It is so civilized.

Senator Argue: You are in the Senate.

Senator Robertson: If this is to be the tenor of emergency debates in this house, obviously emergency debating and discussion will be a very pleasant experience for all of us because it takes the acrimony out of this type of dialogue and offers one an opportunity to explore the issues with a much more sane, thoughtful approach. I am only sorry that some of us did not have the opportunity to do our homework. I should have realized that something was up this morning when Senator Gigantès indicated to me that he had been up all night writing speeches. In any event, I am pleased to have had this opportunity to participate in this debate and to support the policy of the government. I believe that we are on the right track.

Hon. Keith Davey: Honourable senators, I would like to say at the outset how grateful I am to our colleague, Senator Grafstein, for initiating this debate. I think it has been an extremely useful and thoughtful discussion. I am sorry that I have not heard all the speeches. I heard Senator Grafstein's thoughtful speech and I heard the Leader of the Government who, I thought, was in fine form. However, I must say that while I was touched by his sincerity, as I often am, I find it difficult to accept his rationale. With regard to cultural sovereignty and cultural integrity, in my judgment this government is marching determinedly backwards.

Senator Doody: No!

[Senator Robertson.]

Senator Frith: And in step.

Senator Davey: There have been a number of references to the statement made by the Right Honourable Joe Clark in New York, and I would like to deal with that statement in a few minutes.

• (2240)

The important question, off the top, is: Does Canadian cultural sovereignty really matter? For me, the answer is unequivocally yes, and I suggest that is probably the answer for the majority of senators. The most effective statement of this cultural sovereignty that I have is something which was written 15 years ago in the Senate Committee on Mass Media. I am delighted that Senator McElman is assuming the Chair, because Senator McElman was with me all through the days of that Senate committee and I am sure he will recall this quotation. I have used it many times and in many places:

> Geography, language, and perhaps a failure of confidence and imagination have made us into a cultural as well as economic satellite of the United States. And nowhere is this trend more pronounced than in the media. Marquis Childs on the editoral page. Little Orphan Annie back near the classified ads. Nixon and Tiny Tim and Jerry Rubin and Johnny Carson and Lawrence Welk and Timothy Leary on the tube. The Beach Boys and Blind Faith and Simon and Garfunkel on the radio. The lastest VC bodycounts courtesy of A.P. and U.P.I. The self-image of an entire generation shaped by Peter Fonda riding a Stars-and-Stripes motorcycle. Need we continue?
>
> We are not suggesting that these influences are undesirable, nor that they can or should be restricted. The United States happens to be the most important, most *interesting* country on earth. The vigour and diversity of its popular culture—which is close to becoming a world culture—obsesses, alarms and amuses not just Canadians, but half the people of the world.
>
> What we are suggesting is that the Canadian media—especially broadcasting—have an interest in and an obligation to promote our *apartness* from the American reality. For all our similarities, for all our sharing, for all our friendships, we *are* somebody else. Our national purpose, as enunciated in the B.N.A. Act is "peace, order and good government," a becomingly modest ideal that is beginning to look more and more attractive. *Their* purpose is "the pursuit of happiness," a psychic steeplechase which has been known to lead to insanity.

Canadian culture, then, for me at least, is everything that makes us different from the Americans. Especially, it is the difference in our vehicles of communication because without them, without Canadian vehicles of communication, we would communicate totally through the American media and, of course, we would soon become Americans. I suppose there are some Canadians who do not care about that. However, a distinct majority does care and I refer to a recent Gallup Poll, released on November 11, 1985, and I quote:

> The majority of Canadians, (58%) continue to feel our way of life is being influenced too much by the U.S.A. This opinion has remained fairly stable over the past two decades, but in 1956, only about one-quarter (27%) were concerned about American influence.
>
> Regional differences are relatively small, ranging from a 50% level of concern in the Atlantic Provinces to 62% in Quebec. And a majority of both young and older Canadians feel that there is too much U.S. influence in our way of life.

That is why, over a series of years, we have built a series of safeguards; everything from the CBC to Bill C-58; from the National Film Board to the Canada Council. That is why the CRTC had spelled out specifically its Canadian mandate under the Broadcasting Act. The scary thing, honourable senators about this Tory government is not just its love affair with everything American from Rambo to Boeing, but its branch plant mentality; its apparent willingness to do anything, including giving away the store, to curry favour with the United States. One of the most effective descriptions of the problem appeared under the byline of Mavor Moore in the *Globe and Mail* in an open letter to Allan Gotlieb, our Ambassador in Washington who wrote not such a private and confidential letter to Sinclair Stevens. Let me quote that letter in part. The Ambassador said:

> I regret having to say, but it is my job to do so, that the substance and the method of presenting the new publications policy (championed by the Minister of Communications) will go some distance towards undermining the notable achievements of the Government to date in changing the image of Canada abroad.

I think you will be interested in the way in which Mavor Moore responded to that comment by the Ambassador. Mavor Moore is one of the really, truly great Canadians involved in cultural affairs over a long period of years. He said:

> The only thing unique about the Canadian situation, let's confess, is the degree of our exposure—a familiar condition to you. Canada has been prompted to a "principal" role in this contemporary drama precisely because the rest of the world accounts us first in the path of the biggest cultural juggernaut of all time, and is waiting to see how we perform. The new technology can either give us what we want or persuade us to want what we're given. Those in the former category are rich, in terms of the new economics, and those in the latter poor.
>
> Our mutual friend, the late Chief Justice Bora Laskin, once stated his "conviction, supported by experience, that individual creative activity, whether in the arts or in the humanities or in science or in technology, constitutes our social capital." Old Bora had no hesitation in using the vocabulary of business to discuss culture, because he had a firm grasp of the imperatives of the new age. I wish I thought all you high-principled fellows in charge at the moment had grasped the same point. Obviously the Americans have, or they would not be so all-fired anxious to buy up more of our publishing, broadcasting and film industries than the three-quarters or so they now hold, or to make a "right" to do so the precondition to general trade negotiations. They know damn well that what is gravy to them is blood to us.
>
> All of this has little to do with political or monetary doctrines such as lib-left and neo-con, and everything to do with capital investment in a future in which The Force lies with those societies with the collective wit to maintain their own creative plant. That is the only sense, my dear fellow countryman, in which Canada has the remotest chance of remaining a "principal" power.

Honourable senators will realize that I have been concerned about this problem throughout my entire political career. Indeed, On June 19, in the debate on Investment Canada, I posed a set of nine questions to the Honourable William Kelly who was sponsoring that bill through the Senate. I suggested that these were not rhetorical questions and that I would like specific answers. I received absolutely none, so I put the same questions in a Question Period to the government leader. I did that on September 25. Again, I have not been graced with the courtesy of an answer, so let me again put on record in this debate these nine questions, because I think they are important. Rhetoric is wonderful, but let us have some specifics.

> (1) Will this government continue to guarantee that all newspapers published in Canada, and all radio and television cable stations in Canada, will continue to be owned and operated by Canadians?
>
> (2) Will this government give Canadians an ongoing commitment to public broadcasting in general, and to the CBC in particular? Can we be assured that the CBC, as we know it, will continue to serve Canada?
>
> (3) Will this government continue to enforce Canadian content requirements on both radio and television?
>
> (4) Will this government continue to protect Canadian magazine publishers by continuing to eliminate the tax deduction for Canadian advertisers buying space in American media?
>
> (5) Will this government commit itself to the policy of its Liberal predecessor when it comes to government advertising? That is, that all advertising on behalf of the Government of Canada, appearing in Canada, will be created and executed exclusively by Canadian advertising agencies?
>
> (6) Will the government continue to support Canadian broadcasters with such all-important policies as the substitution of simultaneous American programs on cable, the deletion of American advertising on cable, and, of course, the aforementioned elimination of the tax deduction for Canadian advertisers buying time on American television?

● (2250)

> (7) What specific steps is the government prepared to take to protect the Canadian book publishing industry?

(8) What specific steps is this government prepared to take to protect the Canadian film industry?

(9) Will this government guarantee the future of the Canadian Football League by spelling out in specific terms that American professional football will be neither desirable nor welcome in Canada?

I added a tenth question, which vexed my friend, Senator Flynn, which was about the possible incursion or return of *Time* magazine to this country.

I should like to comment on several of those questions because I think they are relevant in terms of this discussion. First of all, I should like to say a word or two about television and radio. I do so, honourable senators, because the statistics are impressive, yet alarming.

No doubt, television shapes the lives of almost all Canadians. A Canadian youngster aged 12 will have seen 12,000 hours of television; over 80 per cent of that, 10,000 hours, will have been American programming. The adult numbers are almost as frightening: 75 per cent of all Canadian television programming is American; 98 per cent of all dramas are American.

As the Association of Television Producers and Directors said in a brief to the Honourable Marcel Masse last March, and I quote:

> We are the only country in the world that imports the total television output of another nation and uses its own distribution system to spread it into every corner of the land.

Yet, the Americans want more, and apparently this government is prepared to discuss those realities with the Americans: "If you want more, talk to us about it."

I will leave it to others to address border advertising, commercial cable deletion, and the future of the CBC.

The government's ongoing love affair with everything American does, of course, have supporters in high places. One example is Michael Hind-Smith. Michael Hind-Smith, as some honourable senators will realize, is the President of the Canadian Cable Television Association. He was speaking to the Canadian Conference of the Arts at a conference on broadcasting in October. Michael Hind-Smith, the head of the Canadian Cable Television Association of this country, said that Canadians only "pay lip service to the importance of Canadian cultural identity." He went on to say that what Canadians really want is less regulation and a greater availability of American television programs. Of course, that is what the cable industry wants—commercials on cable and more American programs.

Happily, Michael Hind-Smith was wrong, because that is not what a majority of Canadians want. I now quote from a survey conducted by Martin Goldfarb, which states:

> 75 per cent of Canadians feel that CBC's programming should provide a continuing expression of Canadian identity and contribute to Canadian unity;

[Senator Davey.]

> 80 per cent feel the amount of Canadian programming is either too little or about what it should be.
>
> 75 per cent say the CRTC should concentrate on improving the quality of Canadian programming.

The government, it is true, did establish a curious task force on broadcasting, which has not yet reported. That task force is headed by a New Democrat, Gerry Caplan, who told the CBC on a Sunday morning broadcast that his credentials were that he was "not a Liberal." Well, he is not a Liberal, and I am grateful for that. In fact, he is not a very good political organizer either. While he was the chairman of this important task force he took the time off to head a candidate's mayoralty campaign for the city of Toronto. Can you imagine! Needless to say, his candidate lost.

But never mind the task force because, as honourable senators are aware, it has one important advantage for the government: The government, by appointing it, has been able to procrastinate and postpone decisions while waiting for the task force to report. We have been told that the government will not have to do anything until that task force has reported.

Well, almost everything was put on hold, because both the government and the CRTC got into the act in different but equally distressing ways.

Let me read a press release from the CRTC, dated December 2, which states:

> The CRTC announced today that it will hold a public hearing at the Sheraton Centre in Regina on 11 February 1986, to reconsider matters relating to its Decision 85-756 issued 12 September 1985, that approved application by SaskWest Television Inc. to operate English-language television services in each of Regina and Saskatoon.
>
> On 8 November 1985, the Governor in Council—

that is, the cabinet.

> —referred Decision CRTC 85-756 back to the CRTC for reconsideration and hearing.

I will not speak about that but will allow the *Winnipeg Free Press* to do that. In an editorial in that paper on Sunday, November 17, entitled: "The Aroma of Politics", the following appears:

> Many Canadians will detect a distinct aroma of politics in the federal cabinet order to the Canadian Radio-Television and Telecommunications Commission to reconsider its award of a third English-language television licence in Saskatchewan to Saskwest, a subsidiary of Canwest Broadcasting of Winnipeg. The majority of the CRTC members were appointed by the previous Liberal federal government. Canwest is controlled by Izzy Asper, a prominent Liberal. The complaint against the awarding of the licence was laid by Harvard Development Limited of Regina, part of the real estate, land development and broadcasting conglomerate of Paul Hill, a prominent Conservative. The federal cabinet which ordered the review is Conservative and pressure was applied by the Saskatchewan Conservative caucus.

That is an absolutely unprecedented decision by the cabinet. Liberal governments, whether you like it or not, my friend, never once intervened in the granting of a licence. This is really quite an unbelievable precedent and a very distressing one for people who care about cultural integrity.

Three important questions remain: Should the CRTC again grant the licence to SaskWest, will the cabinet veto that and say, "I am sorry, SaskWest can't get it." There is no precedent for that, I agree, but there is no precedent for what it has already done.

The second question is: If SaskWest is not granted the licence, will the government pony up about half a million dollars which SaskWest has already invested since the time the licence was granted?

The third question relates to a news release the President of SaskWest, Mr. D.C. Brinton, issued, in which it is stated:

> Therefore, we have officially asked the Clerk of the Privy Council to make all such documentation available in order for us to determine what steps to follow in preparing our case.

The "documentation", of course, was material used by the cabinet in coming to its decision to refer back.

What has the CRTC been doing in the interim? Not very much that is good. Just recently, in November, the CRTC granted the requests of four FM stations, CFNY, Brampton, CJAY, Calgary, CIKR, Edmonton and CKAR, Edmonton, to reduce their Canadian content.

• (2300)

Honourable senators, let me quote a column which appeared in the *Toronto Star* under the byline of Mr. Henry Mietkiewicz who said:

> Canadian content rules, introduced about 15 years ago by the CRTC, still irritate some broadcasters who favour a deregulated system. The policies, however, are widely credited with having accelerated the development of the recording industry by providing airplay for Canadian music.

There is no doubt about that. Those regulations created the music industry of this country, and we should not be cutting back on those Canadian content regulations. It is an absolute disgrace.

I now quote the President of CIRPA, which is the Canadian Independent Record Production Association. He said:

> If these decisions are allowed to stand, we can see a serious erosion of the Canadian broadcasting system . . .
>
> Any erosion of Canadian content on radio presents a grave threat to Canadian musicians and the record industry, and diminishes the opportunities audiences have to hear Canadian music.

The article further states:

> —the association's executive director, Earl Rosen says his members fear the CRTC has established a dangerous precedent by rolling back levels that have been in effect for years. This means more stations, in seeking licence renewals, may request and be granted reductions in Canadian content.
>
> The result, says the brief, "will be a decrease in the amount of Canadian music on FM radio."

Those are incredible facts. It is fine to sit and say that we are all friends together on both sides of the house, and that we are all good people who believe in country and cultural sovereignty; I think we do, but let us face some facts and let us get some hard decisions made by this Tory government.

I turn now briefly to the magazine industry in general with a specific reference to *Time*. More than 75 per cent of all magazines sold in Canada are American. That is a dreary fact of life. The 25 per cent footnote of the Canadian magazine industry exists primarily because of a series of protective measures introduced by the federal government to foster and protect our home and native magazine industry.

Honourable senators, I think that is very important because I believe that magazines are special. I believe that magazines foster in ourselves a sense of self, as is the case with no other media. I think it is extremely important.

Bill C-58 repatriated *Time* magazine to what it has always been—an American magazine and still available. It also resulted in the creation of *Maclean's*, our own weekly news magazine.

I do not know about every person in this chamber, but I, personally, like to view Canada as I like to view the United States and as I like to view the world—through Canadian eyes. I think that is very important.

All fall we have been listening to mutterings, rumours and comments about the rebirth of *Time* in Canada. Apparently, or so we are told, the Prime Minister and the Government of Canada have been pressured to rewrite Bill C-58.

Senator Murray: By whom?

Senator Davey: Presumably by Time Inc. and some of the people I am going to talk about.

Apparently, Time Inc. would be 25 per cent involved in a joint venture with Comac Communications of Toronto, who would own the other 75 per cent. However, to make the gimmick work, to complete the letter of the law, Revenue Canada would have to consider this new magazine as substantially different from other foreign magazines. That is where things stand.

Some people think that Revenue Canada may have already, long-since, granted a favourable ruling to *Time* magazine. However, the Prime Minister may not think that, and, in that regard, I should like to quote from a *Globe and Mail* article of several months ago where it is stated:

> Mr. Mulroney also appeared to scotch reports that a new so-called Canadian edition of *Time* magazine has won government approval, saying he, too, has read the reports but is aware of "nothing to give it (the reports) much credence."

Meanwhile, the *Globe and Mail* in an article seems to agree with Mr. Mulroney. It quotes Time Inc. of New York as follows:

> *Time* magazine . . . is not engaged in any effort with the Canadian government to alter the terms of the tax deductibility of magazine advertising—

This was said in a statement in New York. The article goes on to state:

> Suggestions that *Time* is seeking to curry favour with the Canadian Government through manipulation of editorial content are irresponsible and totally inconsistent with long-established editorial policy of the magazine.

Amen. The next paragraph states:

> A senior *Time* official, however, told the Canadian Press in a not for attribution interview earlier this week that the company does want the Government to change the law so it can revive a Canadian edition of *Time*.
>
> "Absolutely," the official said. "We're saying that the legislation is an inequity as it is now . . . We think changes in that could contribute to the Canadian editorial marketplace."

● (2310)

As most honourable senators know, what goes around comes around. Stay tuned for this one: In 1958, Henry Luce, the godfather of *Time*, came to Ottawa and gave a lavish, sumptuous banquet in honour of John George Diefenbaker. At the end of the banquet, they presented Mr. Diefenbaker with a marvellous portrait of himself on an earlier *Time* cover. And what do you think happened in the first budget after that lavish, sumptuous banquet? In the first Tory budget after the banquet, believe it or not, they abolished the tax on advertising in *Time* magazine.

An Hon. Senator: Shame!

Senator Davey: Believe it or not—and I could not possibly make this up—where do you think the Prime Minister of Canada is tonight? He is in Chicago.

Senator Doody: Not Chicago.

Senator Davey: He is in Chicago as the honoured guest of *Time* magazine. No doubt, right about now, they are presenting him with a portrait of one of the two cover stories that they did. I will leave the rest up to you.

Senator Frith: Maybe a necklace that says, "I'm hooked on *Time*."

Senator Davey: Well, we will see what happens. It is going to be interesting.

I would like to say a word about Canadian football because I happen to think that football is a part of our culture. The CFL, honourable senators, is in trouble. Every sports page in the country has had a comment—you have all read the comments on every sports page wherever you live—saying how much trouble the Canadian Football League is in. Yet, the National Football League is poised to come into Canada to put teams in Toronto, Vancouver, Edmonton and Montreal. Is that really what we want? No more Canadian football; no football in Hamilton, Ottawa, Calgary, or in the greatest football city in the country, Regina; no more Grey Cup. Do we really want those things to happen?

When the same sort of thing was happening in 1974, the Liberal government was ready with Bill C-22 which prevented foreign football from crossing the border. Where does this government stand?

NFL owners are talking right now to people in every major Canadian city. The Minister of State for Fitness and Amateur Sport, the Honourable Otto Jelinek, a friend of mine whom I respect, will not say what he would do. He says that he is a friend of the new commissioner, who happens to be a Tory—and good on both of them. However, make no mistake; the intrusion of the NFL is not, as the minister says, hypothetical, and I think he must know that.

I quote Greg Fulton, the Secretary-Treasurer of the CFL, as reported in an article in the *Globe and Mail*:

> I think the Government realizes the importance of the league. They wouldn't want to see our league destroyed by something like (NFL expansion) happening."

The article goes on to state:

> Fulton doesn't think that the Tory arguments against Bill C-22 11 years ago really meant anything, because "they knew their opposition wasn't going to mean anything anyway."

I think Greg got it right. After all, honourable senators, if you follow football at all, you know that the Oakland Raiders moved to Los Angeles; the Baltimore Colts moved to Indianapolis. Anything can happen. Any senator who cares about this issue and sits silently, thinking they will not come into Canada, is kidding himself.

This government should spell out its intention in block letters. Then, and only then, will the Canadian Football League get its own act together.

Just in passing—so often when I talk about this, I am asked about the Blue Jays and the Expos—baseball coming to Canada was a great thing because it created an interest in baseball all over the country. It destroyed nothing. American football coming into Canada would destroy a Canadian institution.

I want to say a word about another matter which some may argue is not culture. I believe it is culture. Whether we like it or not, it is a form of culture. I refer to advertising. In my judgment, it is an integral part of culture. The fact is that the Canadian advertising industry is clearly in peril. The facts are alarmingly simple. According to *Marketing*, which is the advertising trade paper, in 1963 three of Canada's top 15 agencies were American. Today eight of the top 15 agencies are multinational. More than half of the top 20 advertising agencies are American. The fact is that big American advertisers use big American advertising agencies. For years Canadian subsidiaries were allowed to employ Canadian advertising agencies. Some still do, and the ones that come to mind are General Motors and Ford, but the trend now is moving

dramatically in the opposite direction. Canadian subsidiaries are being forced by the American head office to turn their business over to American agencies. I think that that is an appalling fact of life.

• (2320)

I can give you two remarkable examples. For more than 30 years Canada Dry was an account of Foster Advertising. That is an agency which is not unknown to my friends on the other side. It recently lost its traditional business to the Toronto branch of Young and Rubican, an American agency which is the second largest advertising agency in the world. The president of Foster Advertising, Tom Scott, was, to say the least, distressed. Actually, he was irate. The vice-president of marketing for Canada Dry informed Scott that the Canadian company had participated in the decision. What part of the decision had they taken part in? Can you believe they had taken part in the timing.

Another horror story is Stirling Products which is a big American drug manufacturer. Its Canadian subsidiary markets a well known analgesic aspirin. The advertising was handled by a middle-sized Canadian advertising agency with the initials SMW. The agency did great work. About a year ago the American head office ordered an agency review. It included the small Canadian agency SMW, another Canadian agency, the big New York agency and several other miscellaneous agencies. SMW, the Canadian agency, won the review hands down. In fact, they were given additional advertising. They won some industry awards. Six months later there was a change in the directorate of the management of the head office in New York. That resulted in another review. What do you think the result was? SMW was out of business and the business went to the New York agency, their Toronto office SSCB Lantise. This is a very distressing story.

Almost as bad, in my judgment, are big Canadian advertisers who employ American advertising agencies. Shame on them! Labatt's recently took its $20 million account from one big American agency and gave it to another big American agency. Canadian Tire, which is the biggest local advertiser in the country, employs an American agency. In my opinion this is not because these American agencies are any better, but if this trend keeps up they will be. It is no wonder that so much Canadian creative talent is moving to these American shops.

What of the dismal trend on Canadian advertising to use so-called American stars to sell Canadian products? I think that that is appalling. For instance, there is Carol Channing for People's Credit Jewelers, Mike Thomas for Sealtest, Robert Young for IDA, Bea Arthurs for Shopper's Drug Mart, Johnny Cash for Canada Trust, the Hillstreet Blues for Speedy Muffler, Matt Houston for Midas Muffler. It is only one man's opinion but I boycott all those products. What kind of a rabbity country do we live in?

Things were different 15 years ago. I remember appearing before a select committee of the Ontario Legislature. Of course, then it was a Tory government and that select committee of the Tory government examined the advertising industry in considerable detail. They made a series of excellent recommendations but nothing happened because the Canadian advertising agencies felt that they had the matter under control. Maybe they had it under control then but they do not have it under control now, and I think that this is something that the Government of Canada should be examining.

Honourable senators, so much has been said in this debate about book publishing that I propose to confine my observations on that subject to two rather remarkable realities. The postal rate subsidy for books is provided indiscriminately using a single category available to any mailer regardless of whether any Canadian books are being sold—this is a postal subsidy for the book publishing business—or whether any of the books sold are acquired from the Canadian book publisher, or whether the subsidized mailer is a Canadian or foreign controlled company. As a result, this expenditure serves none of the objectives of federal policy for the book industry. It does not support Canadian authored books; it does not strengthen the Canadian controlled sector of the book industry; and it does not even support the maintenance and strengthening of Canadian book distribution structures. For the many U.S. book clubs, mail order publishers and wholesalers who make extensive use of these subsidized rates, the result is that they pay much less to mail their books to Canadian customers than they pay in their home market where the American postal service has implemented major rate increases over the past few years.

No doubt there are some honourable senators who belong to the Book-of-the-Month Club. I have an envelope here from the Book-of-the-Month Club Inc., Camp Hill, Pennsylvania 17012. It is printed in the U.S.A., sent to an address in Toronto, postmarked Rexdale, Ontario, and they charge 68 cents for postage. In other words, what the Book-of-the-Month Club does is have these things printed in the United States, packaged in the United States, then they bring them over the Canadian border and mail them out of Canada and they save hundreds of thousands and, indeed, millions of dollars. They do the same thing with the books. They bring them across the border and our postal subsidy pays for the distribution of these books.

• (2330)

I should like to say a word about copyrights. I will quote from a document entitled "Charter of Rights for Creators." It is a report of the Subcommittee on the Revision of Copyright, Standing Committee on Communications and Culture, Gabriel Fontaine, M.P., Chairman. It was published in October, 1985, and I quote in part:

> A great many submissions filed by the writing and publishing segment of the creative community stressed the importance of protection against the importation of competing foreign editions. Some witnesses ranked this as an issue second only to the problems created by reprography. Because the main debate on the importation question was in respect of books, it is appropriate to address the question of importation protection in the writing and publishing of this Report.

> Witnesses repeatedly stated that territorial divisibility is a fundamental and necessary part of international copyright. The present copyright law provides importation protection for all works. *From Gutenberg to Telidon* proposed to remove this importation protection for some works but not for others. Included in the non-protected category would be artistic works and computer programs.

The report went on to say:

> The second observation concerns the purpose of Canadian cultural policy. The Canadian Conference of the Arts presented some pointed testimony on this issue. Although given with respect to the publishing industry, it is equally applicable to the producers of other works. The testimony focused on the question of why Canadian consumers should be required to buy more expensive Canadian editions of copyright works when cheaper foreign versions could be imported.
>
> The answer came as a surprising acknowledgment that important protection in the *Copyright Act* is a particular type of government protection for certain industries. The CCA stated it would be quite willing to agree to the removal of importation protection if the footwear or clothing industries were able to survive the removal of their protection from foreign competition: ". . . let someone else be the laboratory experiment and not us."
>
> Based upon this country's past and continuing attempts to encourage and develop a unique Canadian cultural identity, as expressed by Canadian cultural industries, and the fact that other jurisdictions maintain similar protection for the same reasons, the Sub-Committee is of the view that the importation protection of the present law should be maintained for all copyright works.

But because the government refuses to endorse the importation protection, this report talks about massive "buying around" being the order of the day and says, in effect, that we have one-way free trade with the United States which does not seem to work the other way.

An interesting court case is taking place at the present time in California. I quote from an article taken from *News of the Week*:

> A federal judge will hear arguments on December 5 on a ground-breaking case brought by eight American publishers against a California importer of British books. The case involves copyright, anti-trust and First Amendment issues.
>
> Because of the action's ramifications, the Association of American Publishers, which organized the plaintiffs, finds itself in opposition to the American Booksellers Association and the Northern California Booksellers Association. Both retailer organizations filed friend-of-the-court briefs supporting the First Amendment rights of the defendant . . .
>
> According to Ann Fisher, attorney for Stark—

who is one of the importers

[Senator Davey.]

> —the court has allowed an unusually long argument period of two-and-a-half hours, signaling Judge Legge's awareness of the complexity of the case and the constitutional issues involved. "There are no case references to this dispute," Fisher said. "We will be setting a precedent on every point."
>
> The suit—filed in July 1984 by the Hearst Corporation (Avon), Bantam, Berkley, Dell, New American Library, Warner, Simon & Schuster . . .

Honourable senators, Simon and Schuster is a subsidiary of Gulf and Western. In other words, Gulf and Western wants to keep British books out of America but proposes to flood Canada with American books.

Much has been said about the comments made by Joe Clark in New York City. I would like to complete my remarks by a reference to what he said on that occasion, and I want to be extremely fair to the right honourable gentleman. He said, and I quote:

> Finally, there is my view that it is at least worth looking for advantages that might come to Canadian cultural industries (through freer trade).

Honourable senators, I thought that the most effective response to that came in the November 16 issue of the *Financial Post*, and I quote:

> A two-page list of acquisitions of U.S. publishing concerns by Canadian-based firms, delivered late last month by U.S. Secretary of State George Shultz to Canadian External Affairs Minister Joe Clark, has left much of the Canadian book publishing industry mystified.
>
> For one thing, the list of 50 acquisitions, dating back as far as 1974, is dominated not by book publishing takeovers but rather by purchases of newspapers and periodicals.
>
> For another, among the deals mentioned is one involving Methuen Publications of Toronto, a firm controlled by British interests.
>
> But the biggest mystery late last week, when The Post obtained a copy of the list, was the document's origins. It bears no identification markings, and no one contacted by The Post was able to describe with certainty just how the list got into Schultz's possession and then became part of his strong pitch for lowered Canadian investment barriers.
>
> Two U.S. State Department officials said the list originated with Gulf & Western Industries Inc. which has been lobbying heavily to get Investment Canada's approval of its indirect purchase of Prentice Hall Canada Ltd. An official with G&W's New York office said he had no knowledge of such a list. And a Canadian official based in Washington said he had been told the list had been compiled by the U. S. Commerce Department.
>
> In fact, the Commerce Department did compose such a list several months ago, U.S. officials say. And, if anything, they say, that list depicted more dramatically the

growing presence of Canadian firms in the U.S. publishing field.

The Shultz list, which includes takeover prices in only 15 of the 50 cases, appears to be based on media accounts of publishing takeovers rather than on actual company-supplied data. The largest price given is U.S. $100 million cited for the purchase of the Houston Post. Buyer is identified as Maclean Hunter Holdings Ltd. (Maclean Hunter, which also owns The Financial Post, has a half-interest in the Toronto Sun Publishing Co. Ltd., which purchased the Houston Post in 1983. . . .

By far the most frequently cited buyers, however, are the Thomson newspaper interests which, through entities variously identified as the "Thomson family", Thomson Newspapers Ltd. or Thomson Equitable Corp Ltd., are listed in 33 of the cases. Maclean Hunter is mentioned in five deals. And companies related to Torstar Corp., which publishes The Toronto Star, get four listings.

Asked to explain the preponderance of nonbook publishers in the listing, a U.S. official, who asked not to be identified, suggested that U.S. concerns were directed at more than just Canadian investment policy relating to the book sector. The official said the controversial July policy announcement by then-Communications Minister Marcel Masse "anticipated policy changes" beyond book publishing.

A Communications Department official in Ottawa flatly denies that contention. But a second Canadian official does confirm that American concerns have drifted well beyond original questions about the G&W takeover bid to include all aspects of alleged Canadian cultural protectionism.

Honourable senators, I think I have made my point. I think that really says it all. Free trade in cultural matters might work, honourable senators, for media barons, for communications tycoons or for powerful information conglomerates. These are all, I concede, friends of the government. But for the hundreds of thousands of ordinary, grassroots Canadians involved in various forms of cultural activity, there will be absolutely nothing to cheer about because most of them would lose their jobs. I can only conclude—

Senator Phillips: Please do.

Senator Davey: —by expressing my concern and by saying, "Welcome back, Marcel Masse—for heaven's sake hang tough".

Hon. Finlay MacDonald (Halifax): Honourable senators, because of my attendance at various committee meetings today, I regret to say that I did not have the opportunity to hear all of the distinguished speakers who have preceded me. I did, however, hear the opening remarks of Senator Grafstein, in many of which I join. I was reluctant to take part in the debate this evening. Because I was ill prepared, I thought that I would ramble. But having listened to Senator Davey, I feel very much at home and very encouraged. I do not believe that I will repeat too much of what has been said today, because I will not be dwelling on the subject of book publishing, for instance. I am aware of the policy statement of the Honourable Marcel Masse. It seems to speak for itself, and I gather that no voices have been raised in this chamber today against that policy.

• (2340)

I want to remind Senator Davey—I am sure he knows this already—and also Senator Grafstein that we share something in common, in that we have been associated with the media. I claim to be a Canadian nationalist. Senator Davey will recall that in 1954-55, when I was President of the Canadian Association of Broadcasters, I defected on the position taken by that private body before the Fowler Commission at that time, because I totally supported, as I do today, public ownership of broadcasting in Canada; and I fail to understand why Senator Davey should have launched into an attack against the co-chairman of the existing task force appointed by the Honourable Marcel Masse, namely, Mr. Caplan, who appears to be giving that task force great leadership, and who only the other day—long before the report is to be released, which I gather is soon, and on time, and within budget, I am told—made a sterling defence of the Canadian Broadcasting Corporation and the recommendations of the committee for its continued support. I am surprised that he gave the recommendations in advance of the hearings. Mr. Caplan is a very distinguished Canadian. I am sure that honourable senators have been reminded by Senator Davey that the Prime Minister is indeed in, or was in, Chicago this evening, speaking at a seminar jointly sponsored by the University of Chicago and *Time* magazine. He said the following:

> If we and our American partners cannot strike a deal that will achieve these goals, a deal will not be struck. Our political sovereignty, our system of social programs, our commitment to fight regional disparities, our unique cultural identity, our special linguistic character—these are the essence of Canada.

He continued:

> They are not at issue in these negotiations. Canada is a bilingual country, in law and increasingly in practice. Our bilingual character is one of the reasons federal and provincial governments promote culture through direct financial support; it is why there are special rules regarding our cultural sector in our Investment Canada legislation. When it comes to discussing better trade rules for cultural industries, you will have to understand that what we call cultural sovereignty is as vital to our national life as political sovereignty.

I repeat:

> . . . you will have to understand that what we call cultural sovereignty is as vital to our national life as political sovereignty. And how could it be otherwise living, as we do, with a country 10 times our population?

He concludes:

> Canada and the United States are different sovereign democracies. In the United States, you cast the net of

> national security over more areas than we; in Canada, we cast the net of cultural sovereignty more widely than you.

That is where the quote ends.

Senator Phillips: Don't you wish you had that when you spoke?

Senator Davey: I am glad I didn't.

Senator MacDonald (Halifax): Senator Grafstein referred to a sense of perspective. Well, the Macdonald commission said that what Canada needs most in a debate on free trade is a sense of proportion. We appear to be getting ready to commence with the process by which we begin negotiations with the United States. While there appears to be a general willingness in Canada to explore these matters, other voices have been heard with legitimate fears. But Senator Grafstein would give the impression that we are rushing headlong into something that means the end of everything that we hold dear. He said that we have reached the point of no return. I say to him that we are nowhere near the starting line. We have not yet got near the forest, let alone got near the underbrush, or determined who the foresters are. Who is rushing? Consultation with the private sector and the provinces is essential to the quality of these discussions, and so it is to be, as we learned last week. Why now this strident cry from Senator Grafstein in the name of book publishing? The Macdonald commission went on to say that it was:

> profoundly impressed by the confidence that Canadians have come to show in themselves as individuals and in their country as a political community.

And it continued:

> The day of the apologetic Canadian is gone and there is no reason to suppose that our present confidence will be undermined by an arrangement designed to secure a continuing exchange of goods and services with the United States.

No one suggests or has suggested that these negotiations will be only economic. The ability of our political system and our culture will also be very much entwined. As quoted in a *Globe and Mail* editorial:

> Unity and commitment have not been typical of Canada's national life in recent years. Can new challenges inspire better ways, better habits, or must old ways make new challenge opportunities missed.

Certainly there are important differences of opinion about the consequences of liberalized trade—but the only crisis we have today is the one manufactured by this mischievous motion. While Senator Grafstein may reflect an area of concern, a sense of proportion is not a feature of his discourse. Fear seems more to the point. Let the process plod on. We have a long, long way to go.

Hon. Philippe Deane Gigantès: Honourable senators, I have listened to the debate and have much admired what has been said on both sides of the house. I heard with pride Senator Barootes with whom I share a common allegiance. But he seems to have lived in a world that is a little different from mine. He said that you do not go into a negotiation and put your cards on the table.

I remember in my youth going into negotiation to convince some young lady to come with me to a tea dance. Her mother put the cards clearly on the table and explained what wasn't on the cards. Now, of course, I was only a sailor, whereas Senator Barootes was a fledgling doctor; and any mother would let her daughter disport herself with a doctor more than with a sailor. I admit that.

But it seems to me that it is not unknown to go into negotiations of any kind, and there are endless historical examples of this, saying there are some things that are not for discussion, that are not for sale. The biggest danger for us is that the Americans do not understand why we are different, why we want to be different; and when there is any evidence that seems to indicate that we do have this feeling, they get very angry and they start talking of a scorched earth policy. If a private individual went to a merchant and said, "If you do not sell me your store, I will torch it," we would consider that to be a criminal act. But if a U.S. multinational does it, we do not seem to be sufficiently shocked. I am not too shocked myself, because I do not think that Gulf and Western wants to play at being the criminal underworld. It simply is unaware of, if not indifferent toward, Canada, the best ally of the United States. Gulf and Western do not see why we should want them to operate under our rules. This is a challenge to our very right to make our own rules in a very important field. Gulf and Western seem to be saying, "Are not the United States rules the very best? Isn't Canada virtually a part of the United States, and why shouldn't they accept United States rules?" That is a very old misconception. It starts with Ben Franklin. During the U.S. revolution, Ben Franklin came up here and was very surprised that Canadians, especially the Quebeckers, did not want to join the American revolution.

● (2350)

I would like to quote some passages from a series of articles published by the *Globe and Mail* in 1960, 25 years ago. What they describe is similar to what is going on today, particularly in the media. Senator Doyle was with the paper at that time, and I think he had a hand in editing these articles. The articles begin with the title "No Melting Pot to Homogenize the Immigrants." I am an immigrant. The article says, "American citizens rarely believe in a separate Canadian identity." "There is no such thing," says Eric Sevaried of CBS, a very important and respected American commentator. Twenty-five years ago he did not believe that Canada was a separate entity. Here is another quote, "We think of Canada as being practically one of our states." That comment came from Senator Hiram Fong of Hawaii. Another quote reads, "I cannot see in what way Canadians differ from us." That comment was made by David Brinkley who still practises broadcasting. These are well informed people. "Other U.S. citizens when apprised of Canadianism smile tolerantly much as they do at Texan eccentricities."

I admit that it is difficult in crossing the border from Montana to Alberta or vice versa to realize that one has

crossed the border. However, there are differences. The phrase "melting pot" signifies a very great difference between Canada and the United States, and it is important for those of us who constitute the third entity of Canada, the immigrants. This is where you begin to see the differences between the two countries very clearly. They exist and that is where they are most visible. On Ontario beaches you can hear Italian, Germanic basses in the tones, Slavic woodwinds, Parisien French and accents of Quebec. These are important things. We are different and perhaps we are not even compatible with the Americans.

I would like to quote again from those articles some other passages. I quote Dr. Forsey, our former colleague, who said that French Canada is what makes Canada separate from the United States. In his words, the "intellectualism" of French Canada sets us apart, and it "is far superior to that of the English Canadians." I shall not get into a debate on that point, but that is Senator Forsey, an English Canadian, speaking about his French brothers. Another person by the name of Professor Crowe, said:

> —the long co-existence of two distinct cultures within the same state is a unique experiment, a unique contribution to the political evolution of mankind. The mores and formulae that have emerged, that have been devised to make this co-existence possible are a large part of Canadian indentity.

According to Professor Crowe, from this concept of cultural co-existence has sprung the mosaic aspect of Canadian development. No melting pot compulsion here, no rendering down of new immigrants to pour them into a common mould stamped, "Made in Canada". Professor Crowe quoted Lord Tweedsmuir in that article who said that to be a good Ukrainian in Canada is to be a better Canadian. He went on to say, "I do not maintain that this concept is necessarily favoured by the majority in the country, but it is backed by the majority of what you might call opinion-formers." That is a very important distinction between us and the United States. This same series of articles devoted one entire article to this cultural issue entitled, "To Avoid Engulfment, Should We Not develop a Superior Culture."

The concerns that we are discussing today were alive then and have remained alive throughout Canadian history. They have not changed. The *Globe and Mail* wrote:

> Canada's mind is in danger of being made in the United States. Insidiously, the Jack Paars, the Ed Sullivans are storing the Canadian mind with a folklore of the United States.
>
> The better aspects of the U.S. cultural life have an even more powerful attraction for the best Canadian brains, who leave their provincial milieu for the bright lights of the intellectual meccas south of the border, for the rich fellowships, for the fat Broadway and Hollywood salaries and the impressive pay scales of the United States.

This is still going on 25 years later. The article goes on:

> In the Middle Ages Turkey scoured her Christian dependencies for the ablest boys whom she then grabbed for her elite palace guard. Intellectually Canada is still being subjected to the same sort of process.
>
> This by almost universal consent, is considered a far bigger threat to national identity than U.S. control of the economy. Senior civil servants, Cabinet ministers, opposition leaders, professors, writers, directors of the CBC, all have spoken feelingly of the cultural threat and it was easy to make them confess a lack of specific remedies they would advocate—after all, no intellectual can avoid feeling embarrassed when it comes to discussing, not tariffs to protect the country's secondary industries, but intellectual tariffs to protect Canada's culture.
>
> The reactions against this threat are well known: I found no one who did not give full marks to the CBC for turning the tide a little, at least in the television field (another instance where basic conservatism is strained by the desire to preserve identity through a state enterprise).

Dr. Forsey was worried 25 years ago over the Canadian content of the private TV stations and said that he would keep an eye open to see that Canadian programs were presented during prime time viewing. There were suggestions that Canadian cultural identity was a continuing concern and that we have always had it. It was suggested that there should be pooled efforts by Canadian newspapers to have more Canadian foreign correspondents abroad. We heard Canadian journalists express the same desire and the same anxiety about all the sources of our information coming from the United States when they appeared before the joint committee on Canada's foreign relations.

● (0000)

The protection of Canada's cultural identity, said the *Globe and Mail*, could be taken a step further and consider bilingualism. Dr. Forsey was suggesting 25 years ago that bilingualism should become obligatory as a means of differentiating us from the Americans and keeping us distinct. He was explaining his worries, because with universal literacy, with nearly universal ownership of television and radio sets, inexpensive books, comics, widespread possession of motor cars and therefore ability to travel—especially to the United States—culture is no longer the monopoly of a class, of an elite, said Senator Forsey. The audience of culture—of pictorial and performing arts, of literature—has become the property of the entire population. It was this popular culture that seemed to be most threatened by American penetration 25 years ago, and this is true today. Because of the economies involved, because of the system, Canadian mass culture, the *Globe and Mail* was saying 25 years ago, was bound to resemble U.S. mass culture.

How very true that prediction was. We are very little different from the United States and if we did not have Quebec, I do not know how different we would be. Protecting our cultural identity may hinge on Canada's willingness to embark on an extremely ambitious experiment, said the *Globe and Mail* 25 years ago, that of raising the nation's mass culture to an elite level. In a supply and demand economy

where freedom of choice exists, the only way of achieving such a cultural revolution is to create a mass demand for elite culture. The article went on to say that there had to be intervention by the state; there had to be protection for the vehicles of Canadian culture in order to protect this very precious thing that is the tenuous difference that separates us from the Americans.

We do not want Americans to be able to come here and buy our television stations and flood us with programs featuring the Rev. Falwell and the other strange fauna of the American religious scene. Our cultural industries are delicate plants. They need special care and watering. They could die.

Senator Doyle was saying: What is the crisis now? I would like to answer that. While Mr. Masse was minister, until he took that two-month break, there was a strong voice defending Canadian culture. Then that voice was diluted by a series of statements by colleagues of Mr. Masse. Perhaps those colleagues did not intend their words to carry the full meaning that they did carry, but that is how they were interpreted. The cultural industries of Canada were worried. Then Mr. Masse comes back and he is asked, "What is happening?" and his voice does not sound now, after his return, as clear and as resonant as it sounded before his departure. That is what we are worried about, those of us who are speaking now. We are worried about it. We are worried about it because there have been cutbacks—very severe cutbacks—in the CBC. We are worried because various provincial governments are cutting the universities—and the federal government is going along with them. This is not a partisan thing, because other governments have done it, too. How are we to elevate our culture to an elite level if we are striking at our universities and our education?

I do not want to be American. I had a free choice. I could have been American, or British or Greek or French. I really had all of the papers to be welcomed in any of those four countries. I chose to be Canadian. I think this is the best country there is. I think we are different from the others. We do not have the brashness of the Americans, but we have some of their get-up-and-go; we do not have the stuffiness of the British, although we have their sterling qualities; we do not have the irritating aspects of the French whom we encounter. Instead, we have the lovable Quebecois who are so much better than the French of France.

This is God's own country. It should stay different. It should not become an American colony, intellectually or culturally. Other cultures have avoided being swallowed because they have taken care of their cultural industries. Traditionally, kings in ancient times had bards, and to make sure that those bards did not go away, they blinded them. Homer had been blinded so he would not run away. Pisistratus, tyrant of Athens in the 6th century B.C. bribed the bards to include mentions of Athens in the *Iliad* to make Athens sound greater than it was. It was straight propaganda, but that is what culture is, to some extent. Pericles subsidized the production of the plays of Aeschylus, Sophocles and Euripides, and even subsidized the citizens to go and watch those plays. We would not have had Michelangelo without Pope Julius 11, nor would we have had him without the Medici. We would not have the great collections of arts around the world if there had not been a conscious effort, sometimes by very small, very impecunious civilizations, to foster the arts, to foster culture, regardless of the demands of the marketplace.

What worries some of us on this side of the chamber, Senator Doyle, is that I do not see many Medici in the government. Perhaps Mr. Masse is one. I do see too many people who, whatever their words, do not seem to consider the cultural and educational aspect of this country, the basis of our difference, as sufficiently important.

I do see an excessive admiration for the United States; a willingness to consider them as the be all and end all. America is marvellous and I do admire it. Americans are very exciting and enthralling, but they are not us, and because they are friendly and because we are close, because we love them, the seduction is so much more easy; the disappearance of the difference is so much more easy.

[*Translation*]

Honourable Senators, I don't want to see Canada disappear. Even Quebec's francophones are threatened. Their young people no longer want to listen to French music. Quebec radio stations are applying for permission to play more and more rock music. I would like it to be Canadian rock music, with Canadian lyrics, and in Quebec French lyrics, so that we can preserve what is characteristic of our country.

[*English*]

It does not have to be a very big difference. In fact, it is a small one and because it is small and weak, it needs preserving; it needs protection; not just ringing statements but a real belief in the gut such as the one Mr. Masse has, and which I feel other people who have been quoted tonight do not really have, whatever they say—people who have said one thing and meant another; people who have said one thing one day and the opposite on the next; who have said in front of two television cameras—and I saw this with my own eyes and have it on tape—one thing to the francophone audience and the opposite to the anglephone audience, in the same minute.

I do not like games being played with the identity of the country I love.

Hon. Martha P. Bielish: Honourable senators, the discussion of what was described as a crisis in Canada's cultural industries focused mainly on the publishing industry and has ranged far and wide. We have all learned something from each other and about each other.

In Mary Stewart's, *A Clubwoman's Creed*, there is the following paragraph:

> Grant that we may realize that it is the little things that create differences and that in the big things of life we are one.

This evening's discussion has been far-ranging. It is only because it has been so far-ranging that I stand here not well prepared—because, as honourable senators know, this was said to be a "crisis", and I was concerned about what the crisis was

all about and have listened instead of making detailed preparation.

To some, the words "cultural industries" mean the book publishing industry; to others, those words mean television and radio; to others, those words mean the visual arts—paintings and sculptures—and to others, those words mean the performing arts, music and drama. We each enjoy, appreciate and perform in whatever our cultural background is; from what we learned as we grew up, whether in this country or in some other country.

I want to draw to honourable senators' attention the fact that although we have accepted in Canada two official languages, perhaps more than one-third of the people in Canada are not of English or French origin. If any member of this chamber were to go to Alberta during Heritage Days—which are held during the first week of August—that senator would see the world at our doorstep because of the number of different cultural backgrounds from which these people originated. Therein is a cultural demonstration and celebration of the fact that they are in a country that is free. They display their ethnicity and their own cultural wares, whether those be crafts, cooking, music or drama. That is part of the Canadian cultural industry, too.

As a former teacher, I look to the public schools of the nation to see our culture grow. When children do art, participate in plays, dances or games, many of their talents show. Many children do not perform well in the academic field but have talents in other areas, such as in art, music or drama. A teacher can always find something in a child to praise and encourage.

I went to my office and took off the wall a drawing of this chamber that was done by a 12-year-old child on October 27, 1981. That young child saw the Senate in action and wanted to make a sketch of it then and there. That sketch was treasured by that child and by me. In fact, that child went on to bigger things; he was commissioned to do a sketch for a ceramic mural for a swimming pool in his home town.

During the 90th anniversary celebrations of the first Ukrainian people to arrive in Alberta, the Ukrainian women of the city of Edmonton commissioned a bronze statue of a young woman holding a sheaf of wheat, and called *The Madonna of Wheat*. They dedicated that statue to pioneer women of Alberta. I thought that the Ukrainian women had come a long way by including all women, not only Ukrainian women. Those women had really grown to embrace all nationalities.

This evening is "show and tell night" in the Senate. I have with me a painting which I did back in 1975 depicting a grain elevator in my home town. This is painting number two of "Vanishing Scenes" in my home county. Why did I bring it here? Because it is part of my life; it is part of my culture.

On the subject of book publishing, I have with me a book entitled, *The Blue Book of Canadian Cuisine*, which is a tribute to elected Progressive Conservative members and senators. It is a "Galaxy of good eating." This was compiled and co-ordinated by a native of Saskatchewan. We heard about citizens from Saskatchewan promoting their province in Ottawa today from honourable senators of their province, and Senator Baootes had with him a record made in Regina, so I thought this could be added to "Saskatchewan Day". This was put together by the Taylor family of Melfort, Saskatchewan. The front cover was photographed by Patricia Holdsworth of Regina, Saskatchewan. The book was designed, printed and produced in Canada by Centax of Canada. Honourable senators, it is a totally Canadian publication. This proves that it can be done.

• (0020)

Honourable senators, speaking totally off the cuff, to me it seems perfectly clear that cultural education must begin in our schools and continue in other educational institutions.

I know that recently a play was produced by a woman in Jasper. It was advertised on television, but, unfortunately, as yet, I have not had an opportunity to see it.

We talk constantly about the American influence but seem to forget how many talented Canadians have gone across the border and have become famous in that country. I think exchange is a good thing.

As citizens of Canada, I believe we have to take a look at how much attention we pay to cultural education in our schools.

Nowadays, we hear constantly about computers and that one computer can do so many things. Why should our unemployed not be more involved in the arts?

Honourable senators, my five-year-old granddaughter, when asked if she goes to school, replies, "Oh, no, I am only five." Then, when asked if she attends kindergarten, she says, "I am not in kindergarten either; I am just too busy." She is a five-year-old who is in her third year of violin; plays the piano; dances ballet; and this year, she says, "I am also taking taps." That child has no time for a lot of other things.

Cultural education has to start with our children. It is true that mothers with children who are educated in the arts, are usually also very busy. It is true that a lot of money has to be expended to train children in the arts. I believe the lack of education in these areas means that our nation is losing out.

Honourable senators, whether I have contributed to the debate or not, I should like to make a plea that we look at what is going on in our classrooms as far as these arts are concerned.

Honourable senators, I may have omitted to say some things that are now perhaps out of context, since it is after midnight. I am wearing a badge that says, "Meeting Tomorrow's Challenge Today." Well, tomorrow is here!

Senator Haidasz: There is a long day ahead of you.

• (0030)

Senator Bielish: Today is long gone; tomorrow is here.

In closing I would like to reiterate—I do not know if anybody else has done this or not because I was not here all the time—and I am reading from the statement of the Right Honourable Joe Clark of November 18, 1985, when he said:

> Protection of our distinct cultural identity is of singular importance to Canada.
>
> Our government's intention to promote culture in Canada through direct financial support is simply not at issue in a trade negotiation.

He was speaking in New York.

> We are prepared to discuss with the U.S. ways we can strengthen cultural industries through trade. But under no circumstances are we prepared to agree to any measures which weaken those Canadian industries or undermine their capacity to serve our cultural needs.

With that, I stand.

Hon. Jean Le Moyne: Honourable senators, I would never dare return to the ground so magisterially covered by my learned and eminent friend, Senator Jacques Hébert, publisher and writer. I shall then confine myself to certain clouds where I am usually to be found.

After all that has been said today, I cannot pretend to too much originality, but what I have to say I say with courage.

[*Translation*]

Honourable senators, some people, regardless of the image ascribed to them, can invariably recognize themselves without any hesitation. We Canadians are a little like the man referred to in the Epistle of St. James, chapter 1, verses 23 and 24, who, having looked at himself in the mirror, immediately forgot who he was. The mirror does not give us a clear image because our form is imprecise, unclear, composite.

The man in the Epistle according to St. James was distracted and therefore unable to get a lasting image of himself. He was not able to put into practice the words he had heard. In this instance, the *word* is culture. The French, for example, are not absent-minded. They have a clear sense of their own culture that has been developed and nurtured and practiced faithfully and admirably by them for more than 1,000 years. Canadians, on the other hand, have not yet developed for their own edification a similar, identifying culture that is radically theirs.

Depending on which branch of Canada's pluralistic society we belong to, we embrace and adopt a certain word of culture. We are receptive to other cultures, not only those beyond our borders, but those within the country, more specifically within each Canadian province. However, we cannot embrace entirely and as faithfully these second cultures. Except in rare cases, this remains an impossibility, in view of the present state of human development.

In quoting as I just did a biblical passage relating to man's integrity, I wanted to call to mind the extreme complexity of the Canadian condition. Our country and its peoples do not appear to enjoy the unity and stability of completed forms. For example, while anglophones from western Canada seem impervious to francophones, whether it be those living in the region or in eastern Canada, they do appear to be influenced to some extent by the Orientals living among them and even more so by the Americans living on the Pacific coast with whom there is a natural north-south link. Similarly, we residents of eastern Canada tend to look to the Atlantic coast, to Boston, New York and Miami. There is nothing preventing Francophones in western Canada from being influenced by what they hear.

Elsewhere, say in central Canada, several cultures co-exist, such as the English, French, Ukrainian, Polish and even Icelandic cultures. And along our indistinct border, there breathes, always, the immense American giant.

In eastern Canada, specifically in Ontario and Quebec, there is a wealth of cultures, all of which present many possibilities. The English and French cultures co-exist with the Irish, German, Italian and Jewish cultures, whereas in the southern regions of these two provinces, the American presence is strongly felt. It comes to us loudly in all imaginable forms from such lofty places as Chicago, Detroit, Boston, New York and Philadelphia, sites of prodigious activity and the beginnings of a giant conurbation that will eventually swallow up Toronto, Montreal and Québec City.

In the Maritime provinces and on the Atlantic coast, the diversity is evident in the three principal groups, namely the English, the Scots and the French who in turn are distinguishable from the French Canadian group known as the Acadians.

This brief overview of the cultural makeup of Canada may give a false impression of a general hustle and bustle of activity.

The fact is that this country is disproportionately vast when compared to heavily populated western Europe. Its population, which numbers some 25,000,000, is unevenly distributed. More than half of the population resides in Québec and Ontario. More than one province has barely one million inhabitants. More than 90 per cent of the population resides somewhere along a strip of land three to four hundred kilometres north of the border. An intrepid traveller could conceivably plunge into the wooded area 75 kilometres from Montréal and travel all the way to the Arctic, with his chances of not encountering another living soul being excellent.

Any natural environment leaves a singular imprint, and ours is no exception, given the size of the territory and the power of the elements. The environment quickly transformed the French, the first settlers to Canada, into "habitants", an expression still used in Québec and one that hints at the daily rigours of life in Canada and the changes it brought about. In short order, New France's settlers and pioneers lost their French identity. The environment and the threat of death demanded an immediate transformation. The North American identity had firmly taken root by the time of the conquest.

That which is true of our French ancestors also holds true for our British ancestors. If there is a physical and psychological point where the two main cultures cannot help but come together, it is in the face of Canada's immense, harsh and beautiful landscape. As the colonization and development of the country pushed ahead and we learned how to defend ourselves, the influence of the environment clearly diminished, although it remained nonetheless significant. Celebrated Canadian journalist Blair Fraser, who died during a foray into

the most untamed regions of Canada, saw the principle of the Canadian identity in the communion with nature and in the certainty, either clear or vague, that our country would always have undisturbed areas. It is true that our natural environment is important to us and forms a large part of our being, regardless of our tastes. It is true that it leaves a pronounced mark on our daily culture; it is true that the wide open spaces, so vast that we can hardly imagine them or know what to do with them, are never very far away, and are easily accessible when we need to renew the strength of the Antaeus within each of us, Antaeus the mythological figure who regained his invincibility whenever he touched the earth. Finally, it is true that nature has made it easy for our intelligence and our instinct to be in touch with one another: in a way she has unified us, and in so doing has given us a kind of innocence that astonishes the European, rooted to the same spot for centuries. It is true: our transplantation to the American continent was a purification, a rebirth. Renewed, new, we created the New World.

Nature gave us our culture: she spoke and we listened, and learned. But however fundamental and decisive the natural world was for us, it is far from explaining everything that makes us unique and enables us to survive. Our situation cannot be categorized simplistically: we must confront our own complexity.

In accordance with the law governing any incarnation, we first looked at our surroundings; our brief examination enabled us to determine a certain common denominator, or rather, a first integral. The complexity we are tackling now forces us to restrict our attention very severely. I will therefore only consider those factors in our development that strike me as indisputably dominant. They are: the English fact, the French fact, and the American fact.

Whatever his language or race, no Canadian can be existentially indifferent to any of these facts.

The French fact is the most homogeneous: it corresponds more or less completely to those we will call, for purposes of discussion, the French of Canada, whether in Québec or in other provinces, with a dusting of other assimilated elements, Canadian or foreign. From this definition it is obvious that the pull of the French gravitational field is very weak here.

If the English fact is not as homogeneous as the French, it is more weighty. The ratio in its favour is some two to one. It corresponds primarily to the English or British stock in Canada, but it also includes those other English-speaking elements, the Scots and the Irish, and the immense majority of the groups that came from continental Europe or Asia. The Jews, the Greeks, the Hungarians, the Chinese, the Japanese, who settled in Canada or who are coming to settle here, opt for the English-speaking community, and English becomes their language. The same is true for nearly all our aboriginal peoples.

Evidently, then, the English fact is by itself extremely complex. And since we have to consider it as the tensor in the Canadian equation, we will have to use it to refer to English-language culture as a whole. After all, to revert to our initial analogy, the English language is so widely used in Canada that we can attribute to its culture a very high degree of consistency, if not homogeneity.

As for our third fact, the American, it speaks with a cultural voice that is heard round the world. In Canada, in France, anywhere—we stop our ears in vain, American-ness gets through, and one way or another it becomes part of how we behave. And deservedly so. Let us take a quick look at how it affects us.

Like Canada, the United States is a European invention. But the Europeans who created the United States stand up before us and speak to us as people who have triumphantly completed their differentiation as North Americans. They are called "Americans", and that says it all. Whereas in our case, "Canadians" does not say it all, since we always have to take care to distinguish English Canadians and French Canadians; that says it all, and we are seen as North Americans who are not completely detached from Europe.

Obviously every nation springs from an older nation. The United States remains a tributary of Europe to a certain extent. No individual really stands alone, and no country either. The traditions by which a people live and are sustained are long-lasting and fertile. But the Americans, like the Romans vis-à-vis the Greeks, enjoying that completed identity which for both individuals and communities is the source of creative originality—the Americans are now teaching Europe and the world by a pedagogy as restrictive as that of the Romans themselves. And they are our next-door neighbours, on a continent whose main geographical axes are north-south rather than east-west.

● (0050)

The American presence among us is so vivid and so various that to do it justice we could use the images of osmosis, or a magnetic field, or impregnation, or invasion: all good images and all expressing in some way the fundamental reality of our lives.

The Americans are such good neighbours that at the border they usually ask nothing but our names. From one end of Canada to the other, we are more likely to visit the States than travel to different parts of Canada; we are obeying natural lines of force.

The Americans are our neighbours, but they are much more than that: they are a part of our very being, because there they are before us and within us, the only example of a complete North American differentiation. Their culture speaks with the most intimate, the most familiar, the most easily understood voice we hear. And it speaks more, and more constantly, than any other.

This being so, how can we explain Canada's existence? Canada was, and more than ever is, an act of will, the will to be a certain way that has not yet been perfectly defined. Canada has defied the north-south axes, and in part has succeeded in neutralizing them, thanks to the communications network that holds the country together. The result is admit-

tedly by no means as solid as that of the Heavenly Jerusalem, which the Psalmist tells us admiringly is "built as a city that is compact together". Far from it, alas! A glance at the history of the railways, roads and electronic lines that are the concrete affirmation of our will to be a nation, is enough to reveal how tenuous and precarious our bonds have at times been.

The American radiance is so intense and pressing that we are tempted to build our identity on the basis of our resistance to it. Resistance to the American way is obviously a factor, and if we let it slip, we would soon be lost. But we are not only the negation of the United States. Our will to be has positive sources: they rest upon our two basic allegiances which, far from being servile, are creative and are exposed one to the other.

While both allegiances are equally strong, they differ considerably by way of their historical context.

Our French allegiance had, from the start, extremely deep peasant roots, which the indefectible stubbornness of the intellectual elite protected and nurtured. This stubbornness could be but narrow, which explains why our allegiance survived in such isolation and poorness that it is difficult for us today to comprehend; furthermore, it laboured under the deep dualism of our ancestral Catholicism, which was a Good Friday rather than an Easter religion, that fostered a visceral and pathogenic guilt which we are still far from having eradicated, as indisputably evidenced by our literature.

One must not forget that our French allegiance had to survive in the midst of the English allegiance which, right from the time of the conquest, became its political background.

Although, originally, the English allegiance did not have strong and colourful peasant roots like our French allegiance, it immediately drew on an immigration of high quality which never stopped. Therefore, after being quickly solidified by the arrival of hardy Loyalists, following the American War of Independence, it will, so to speak, be kept constantly replenished and will never be isolated. Sustained by numbers, exalted by its domination, it spread over the entire territory, severely but powerfully stimulated by a faith which tended much more than classical Catholicism to consider the acquisition of material goods as a blessing. But its very diffusion impoverished it and kindled the process of differentiation.

With the final result that English Canadians are as differentiated in North America as French Canadians and that their attitude towards their motherland, to use an even more outdated expression, is as unsubmissive as that of the French Canadians towards France. Let us not be blinded by the explosion of feelings which this or that Queen or Head of State fosters: neither of us have forgotten the lessons of history.

And history has taught us that France never took New-France seriously, that it never understood America or Canada, and that it is just starting to understand them, and more through her businessmen than through her leaders. In fact, under the old regime, we barely received what was necessary to become "habitants" and be advantageously conquered. What we have received from France since the time of the conquest, we have taken it as we could, at arm's length, or we went to get it. And we have only one regret: that of not having been greedy enough.

History also taught us that Great Britain took possession of Canada without realizing its good fortune, and that she wished to be as predominant and greedy as the French of the old regime, in keeping with the style of another era and of another mentality; it taught us that she despised us all as "colonials", that she mainly sent people who came of their own free will, and that the full autonomy which Canada enjoys today under the British Crown is a result of the skillful erosion of power in London, undertaken by the very first responsible government, before Confederation, and pursued ever since with a truly admirable aptness and subtility.

The scandal of our borders is evidence that London did not know much more than Paris about the size of Canada, and did not have any more continental awareness than its rival. Look at a map: having understood its importance, the United States bought Alaska as they had bought Louisiana, leaving us only a door on the Pacific; and Maine, because of the strategic wedge it thrusts deep in Quebec towards the lower St-Lawrence, cancels the value of Newfoundland and of its straits and deprives us of Portland, which would have been the most "natural" of our Atlantic ports. The Americans had and still have what one may call the continental sense.

In spite of the fact that exchanges between Canada, France and Great Britain are quite smooth today, we are actually alone with the Americans, facing them. I would add that, while taking American economic ownership in Canada into account, we are not confronted with an old-fashioned type of imperialist threat, but with a most disconcerting resemblance.

What a close resemblance! We have seen how the special nature of our ties with the English and French cultures distinguish us. But for all their fruitfulness, our two Canadian cultures are incapable of distinguishing us to the point where they can serve as a foundation of our identity or as a bulwark of our permanence. In both cases, we have not achieved a sufficient degree of originality for us to recognize our collective signature, and reap the guarantee that a universally verifiable signature procures.

We do indeed have undisputed political, economic, scientific, technical, industrial, social, educational, artistic and literary originality. But regardless of these successes we are dependent on too many foreign sources of inspiration and we retain too much ambiguity to dispel our hesitations.

In the areas where human activity is most explicit, where the human spirit attains its broadest scope, that is, in philosophy and literature, English Canadians and French Canadians have reached exactly the same point. Canadians have no philosophy to propose for universal discussion, while the Americans do; nothing in either of our two literatures is more than commendable and we have no overwhelming yet inspiring giants, that is, no classics, while American literature does.

What we have and do, even when rounded out by what we borrow from elsewhere, is inadequate. And taken in isolation,

the contribution of English Canadians is not enough, faced with American pressure and attraction. The same is true of French Canadians. Having a shared language with the Americans negates the English-Canadian community's numerical advantage over French Canada: in that respect they are more vulnerable than the French Canadians. Taken as a whole, the latter do not even match the population of greater Paris, and they are buried in an English-speaking mass of some 200,000,000 people: in their case the advantage of a different language is compromised by numerical weakness.

Left to itself, English Canada would fall apart; left to itself, French Canada would begin a fatal process of implosion, and, shrunken, packed in upon itself, sterilized, it too would crumble in the end. Great Britain would not save English Canada, nor France French Canada: they are too far away and too weak, and Canadians—let us repeat it—are not and have not for many years been either British or French. In the existential immediate, our mother countries are almost entirely beside the point, out of the game.

Thus, taken in isolation, Canada's two cultures are not original enough to ensure their own identities: how much less the identity of the whole! How then can Canada achieve its own indispensable identity? The intuition that we perceive today in the brilliant compromise of the Fathers of Confederation is the answer we have been waiting for. Our embryo of fundamental originality is already present in this fact: the two founding cultures of our country have had to open to one another, however little, however grudgingly. The federation as it exists at this time is thus Canada's only decisive originality, and it is only in an increasingly open federalism, dynamic and demanding, that Canada has a chance to perfect the North American differentiation of its elements, and to ripen and refine its identity, give itself an image from which nothing can distract it, achieve wholeness, be of interest to itself and the world, by becoming a cultural crossroad where Europe and North America can renew their connection and their creativity. Faithful to this ideal, which is already beginning to identify our country, Canada would show how the infantile stage of foot-stamping nationalism can be avoided, and that the great Western cultures can flourish in the smallest compass. Faithful to this ideal, Canada would contribute to humanity's advancement toward a planetary federation.

[*English*]

Honourable senators, this Canadian identity which subsists and affirms itself in such difficult, precarious, noble and promising ways, instead of keeping on it a faithful and generous watch, instead of confirming it in all its expressions, instead of seeking means to compensate for its limited field or markets—I do not like this word!—instead of striving to inform Canadians about the price they must pay for the permanence of their identity, that is the price to be paid out of their very own resources to remain what they are still choosing to be, an incredibly erratic government shows itself tempted to sell away, piece by piece, what constitutes our very soul. And that, honourable senators, at a time when Canada has just made, thanks to the action of the previous Liberal administration under Pierre Trudeau, a great and decisive step toward full independence and maturity.

● (0100)

This government acts as if it were tired of Canadian history and wanted us to get out of it and slip into what it must hold to be the overwhelming North American stream. But the majority of our compatriots are neither tired, bored nor overwhelmed. We recognize that being integrally Canadian is hard and costly; but whatever the cost, we have decided to persist in our being. We do not believe that the country should be put up for sale and left to some monstrous college of entrepreneurs. We do not feel that we are for sale, piecemeal or whole.

Though relentless, the dangers of the past and present American osmosis to our Canadian identity are very little indeed compared to the massive process of assimilation that would start if our cultural institutions were to be deprived of their natural blood, Canadian subsidies, and infused, poisoned and perverted by American capital and authority. At first it might not be apparent, except for those gifted with a sense of honour and a real Canadian instinct; but the process of the final solution of the Canadian difficulty would already have been launched as the cultural policy of this government, if not specifically, then apparently advocated by Mr. Masse. To revert to our metaphors, the American word would then become the last word, the determining word of culture, and in the mirror we would not recognize ourselves at all.

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, I would have liked to have been better prepared when poised to speak for the first time. For the past few days, I have been working on a statement which I will now present tomorrow, in view of today's debate. As a rule, my thoughts are more precise and my ideas more logical and cohesive. Usually I can think better when I have in front of me my own text as well as those of the speakers who preceded me. This allows me to reflect more on the subject at hand, express my viewpoint while respecting a certain ethic and thus engage in a friendly debate with those seated across from me.

Unfortunately, that is impossible this evening because I decided at the very last minute to make this statement, although I did benefit from the learned speeches given by certain senators during the course of the day, even though I was busy with some committee work. I am very anxious to read the speeches delivered today by the other senators.

This day has been a very busy one. Undoubtedly, a major contribution will have been made to the protection and promotion of our culture.

Honourable senators, I believe that we must be gentle and generous and not trip up over the commas and adopt Senator Grafstein's motion as tabled. I want to warn you right now that I will support the motion, despite the fact that I consider it to have some shortcomings. The situation did not become urgent all of a sudden during the last 24 hours. I'm not denying that there is some degree of urgency, in view of the statistics, the percentages and the foreign control of Canadian

cultural industries. I would have preferred more advance notice to discuss this issue, if these people had been totally serious. Clearly, there is some urgency, but the manner in which we were forced to discuss the issue at the last minute did not serve the cause we wanted to defend. I believe that the motivation in this instance was political. An attempt was made to embarrass the ministers and senators on this side of the house. The motion says that if this one transaction were approved, if the government did not refuse this acquisition, cultural industries would be undermined and disrupted and the already fragile Canadian market would be closed to Canadian authors and books. I think that that is taking things a bit far. Nevertheless, I will support the motion. I was struck by the unanimity of the senators. I see that they will give their outright support to the motion. The issue itself is fundamentally urgent, as certain senators have indicated.

Setting aside partisan considerations, strategies and political parties, the individuals on this side will want to support the motion.

It would have been nice to have been able to count on the same generosity and unanimity in another house during the past fifteen years, at times when important national interests were at stake and when some of us were fighting for funds to protect and promote not only New Brunswick's culture, but also the Acadian culture, one even more endangered. Yet, there was no shortage of discussions. When there was talk of revising the Official Languages Act, a debate which has been going on in the province for the past year, not many people defended the Act. Often, the political concerns and strategies of the individuals on the other side prevented them from lending us their open, unconditional support. The same happened when there was talk of honouring Acadians with their very own provincial newspaper, so that they might communicate with each other, etc. Some were more interested in playing the game of politics.

I hope that today's debate will establish a happy precedent and that when the government is called upon to act, as it has been in the past, it will decide to come to the aid of the trust set up to ensure the existence of this Acadian newspaper. After all, that's what culture is all about. I hope that the Opposition senators will be as generous as they were today and will display the same unanimity.

Obviously, we would have appreciated this support on other occasions. We in New Brunswick know what a culture threatened with assimilation is. We did not discover this fact yesterday or at 2 o'clock this afternoon. That is why we invite all those, regardless of status or province, who have some influence or power or even just something to say to support the demands of the Acadians as well as those of other minorities.

It is unfortunate that an attempt was made today, albeit a vain one, to embarrass the present government, considering that it has shown its good faith by stating its intentions clearly and lucidly. As was briefly mentioned, and I would like to quote from a document which the government used to announce its cultural policy. I am referring to the statement made by the Honourable Marcel Masse on July 6 at Baie Comeau, in which he outlined a clear, precise and equitable cultural policy which could have positive effects on certain sectors. One must, I think, have a lot of imagination to try, using statements, televised sequences, or even a statement from the Prime Minister—and his statement of today will, I hope, reassure those who still have doubts—I'm alluding here to his statement in Chicago. But from the statement made by the Honourable Joe Clark, in New York, and that made by the Honourable Marcel Masse, in Baie Comeau, and that of others, to try, I repeat,—and this succeeded in the past—to divide in order to rule, that is try and embarrass them, and have them contradict one another. But that is part of the game, I suppose, in the political arena.

Yet, if this is such a serious issue, I think we could have done better because, as far as I am concerned, the statements by the Honourable Prime Minister and those by the Secretary of State for External Affairs, and by the Minister of Communications, among others, should point to the fact that the government is serious and intends to go ahead with its policy.

A few months ago I held another office; I was one of those who talked about the importance of culture, even in terms of employment and of the economy. The Honourable Marcel Masse told us, in Moncton, several months ago, that culture could be a job-creating industry, as evidenced by the statistics he produced in Baie Comeau and which others have quoted.

Then, even if it were only for the jobs involved and even if no one really believed in culture—and one knows that one cannot even think about that—we know that the present federal government considers job-creation as one of its main commitments. When they can create 300,000, they boast about it. I really think the government wants to create a strong job-creating cultural sector. One hears about one billion dollars for the distribution of books, and for publishing. So it is important.

Besides, even if there is a lot of talk about free trade and even if, at the domestic level, there is a whole range of programs which support the efforts of our artists, our authors, our publishers, it seems—and the figures are there and were all quoted today—that this is not enough and that is why the government wants to do more. The reason being that the government is earnest, and is taking its time, that it is leaving the process—how is it called "Investment Canada"?—follow its course and is inviting public discussion of its policy. It is also because it had become clear for this government that a far-reaching change in matters of ownership was necessary that it is proceeding the way it is, otherwise it would only be increasing its aid to maintain the status quo.

That, I believe, is what is at stake, and what appears to be bothering some people, but that is the conclusion the government seems to have drawn: to control ownership, but not just any old way and not in a senseless way, but in accordance with a specific process and by establishing a series of approval criteria, for it believes there is a real deadlock and it must be solved.

But, I repeat, it is not because a request has been made to Investment Canada that conclusions must necessarily be drawn, that emergency situations must be created and that all sorts of intentions should be attributed to the government. Let the process take its course. I am confident that this agency will make the right decision and, in any case, the minister always has the final word, even after the agency's decision.

For the purpose of our debate I wish to specify that any acquisition, even indirect, be studied intelligently, and that an acquisition, even of a company already under foreign control which would fall into the hands of another foreign company—as is the case in the motion—would have to meet the approval criteria, the first of which being:

> No acquisition shall result in a marked decrease in the competitiveness of any Canadian firm in a given sector of the book market.

And secondly,

> The investor is committed to giving up control of the company in favour of Canadians, at market cost, within a reasonable two-year deadline.

My friends, honourable senators, I do not think this promotes the cause of our cultural sector. These are not my words but those of our friend Senator Finlay MacDonald, quoting his fellow clansman the chairman of the Macdonald Commission, who said that one of the worst enemies of culture, and not just of culture—because I think he was speaking of the whole area of free trade—was panic.

I think today we're panicking a little. I think that the policies enunciated by the Minister of Communications—and I spoke of a balanced, positive and dynamic policy—could have provoked a more substantial discussion. However, I grant you that the debate enabled a number of people to be heard and that we can count on a progressive improvement in the cultural sector, hoped for and appreciated by the public.

I do not wish to be partisan, and I know that Senator Thériault would not recognize me if I were—

Senator Thériault: I certainly wouldn't!

Senator Simard: —but I hope that all the positive remarks hold true. I think that lots of people have expressed, perhaps indirectly, over the grapevine, good wishes and a quite exceptional confidence in the Minister of Communications, Mr. Masse, today.

I think he would have appreciated getting all these tokens of esteem several months ago, but better late than never. There is real confidence in him, or he wouldn't be known in certain circles—if not in this chamber, then outside—as SuperMasse. People repeated what the papers had said.

If he's SuperMasse—and looking at the general relief displayed when he returned last Saturday, he would seem to have a promising career ahead of him and a lot of hopes riding on him—I think he'll put his powers to work defending the cultural community, Canadian cultural sovereignty.

I invite my colleagues to continue to lavish their support on Mr. Masse; I myself will spare no effort, because I live in one of those regions on the border of Quebec and Maine, and for many years now I, like many of my fellow citizens, deplored the absence of French CBC television in our part of the country, since it was only recently that we were able to pick up broadcasts from Moncton. We've been able to get radio for more than 12 years.

We had broadcasts from Quebec so we were reasonably well served, but there was no New Brunswick content, whether "chiac" or "brayon". That was what we objected to. We had to fight, but we won in the end. Now we're fighting for a newspaper.

But we go on being invaded by American television coming from the other side of the border.

Out of a dozen channels, I think half of them come from the United States, and some of my colleagues and I had to fight, and we finally won last week. I suspect that Senator Finlay MacDonald helped me with this, because we weren't getting a single Canadian channel where we lived. We didn't get CTV or ATV. They didn't go any farther than Grand Sault.

And yet, I appeared before the CRTC two or three times. I have a friend who is still with the CRTC and the past four or five years I used to call him regularly and say, "Listen, why can't we get this channel or that?"

There were always technical reasons. But now, fortunately, apparently—as I said—with the assistance of Senator MacDonald, the problem has been solved.

All this by way of explaining to you that we've always had to fight for our culture—fight every day to win advantages that were doled out with an eye-dropper.

Where I come from, we know what it is to have to fight, and that's why I think we won't just support the Toronto lobbies, we'll fight for the communities. There's nothing wrong with high finance, but I urge you—I implore your support in situations where there is serious injustice going on, unacceptable in 1985.

I hope your support will be unconditional, and as unanimous as your other manifestation of support today.

In conclusion, may I say that I have confidence, and I know that the government is serious and is going to keep on. For my part, I'll be among the people who call the government to order when I think it's succumbing to a lobby, American or otherwise, or when it seems unable to find the political courage to hang on to the end.

That will be my approach in the coming months and years, at least I hope so.

• (0120)

[*English*]

Hon. Charles Turner: Honourable senators, Canadian cultural sovereignty is a very nice-sounding phrase or title that

stands out. As the dictionary states, "sovereignty" means (1) supreme, greatest; (2) greatest in rank or power; (3) independent of the control of other governments.

Honourable senators, when Sir John A. Macdonald, Georges Étienne Cartier, George Brown and all the Fathers of Confederation met at Charlottetown in 1864, these are the words they were referring to when the two founding races, French and English, met at that meeting place, on common ground and, in their great wisdom, decided that, by joining together the two founding races in Upper and Lower Canada, and later all the other provinces, this would give the world this great country we all cherish and love—Canada: The best, the finest country in the world. Can any honourable senator explain why, when residents of other countries visit Canada, they all want to stay here? In many instances, when they return to their homeland, they contact their friends and relatives in Canada, advising them that they want to come to Canada to work, live, play, marry and raise a family.

Honourable senators, why? What has this country to offer these visitors? I suggest, first, hope for the future and, second, realization of their dreams and the maintenance of their cultural identity as a member of another country. Above all, Canada offers these people freedom—Canadian freedom. This is what makes this country so great, so wanted and so desired by our new Canadian friends. The total desire to live in complete freedom with no one dogging their footsteps or watching their every move. As long as these new Canadians work hard and pay their taxes, they live in total freedom so long as they live within our Canadian code of law and order.

Today, in 1985, all cultural institutions operate in their own Canadian way as they reflect clearly the Canadian people's uniqueness in history and the development of our current and future society.

Over and above the two founding races, and especially after the First and Second World Wars, immigrants by the thousands came to Canada where the streets were paved with gold, as they were told in their homeland. They fanned out across this land, worked hard and developed hamlets, towns, villages and cities in their own unique way and, at the same time, maintained their native country's language and traditions in food, dances and religion. Thus, today Canada is blessed in so many ways as a truly multicultural society enriching us all.

Unlike the United States of America which is a melting pot, Canada stands out proudly as a cultural diversity, second to none in the world. Down through out history, Canada has encouraged our new Canadian friends to help build this country. The Fathers of Confederation and all our forefathers would be pleased that we have accomplished so much in respect of our cultural integrity, cultural sovereignty, ownership, economic viability and cultural identity. These four interlocking elements have served us well and have helped define, build and strengthen Canada's voice in the world of commerce, and made its cultural personality truly Canadian so that all residents of Canada are proud to say, "Yes, I am a Canadian."

[Senator Turner.]

We should not allow this greatness to be bartered in the free trade debate. Culture is the very heart and soul of Canada. When one visits the schools, dance studios and art studios, etcetera, one gets the feeling of a truly Canadian mosaic in action. The hard work, dedication and long hours that these young Canadians devote to their craft—these young Canadians who come from all parts of Canada with differing cultural and ethnic backgrounds are striving to be the best in their chosen fields. Surely we, as older Canadians, cannot sit back and allow any foreign government to ask us for the right to allow our cultural industries and cultural agencies to be discussed at the trade talks.

● (0130)

During the early years of my service with the CNR, I fired on the London to Owen Sound and the London to Toronto passenger trains for a very quiet engineer nicknamed "Silent Joe" as he had very little to say during our trips. He was a very proud man, a proud Canadian and, above all, proud of his church, his faith, and his children.

During my early career as a member of Parliament, I received a call from one of his sons asking for assistance for his daughter who was in the London Drama School, and who had the strong desire to continue studies at the London, England, School of Drama. We were unsuccessful in helping her to procure funding from the Secretary of State and eventually had to go to the private sector, and with the family's financial sacrifices, they were able to come up with the necessary funds to send her to England. With her pleasing personality, drive and determination, she soon rose to the top of her profession as a great actress and has now come back to work in the United States and Canada. "Silent Joe" Nelligan was her grandfather, and her name is Kate Nelligan, a truly great Canadian artist and actress.

We have many agencies which award grants to Canadian cultural agencies so that our Canadian children can develop their skills in the arts, ballet and T.V. I have been informed that in the Soviet Union if a child is a good performer, and has the desire and will to pursue that career, the government agencies take such a child who is then provided with complete training in his or her chosen field. Honourable senators, this idea makes a lot of sense and no one is denied the chance or opportunity because of lack of funds. This program is one of the reasons that the Russian sportsmen and artists are at the top of the world competitions.

In Canada, we have many instructors and highly trained teachers and they should be given the opportunity to become our top Canadian teachers and should be allowed, without a shadow of a doubt, to obtain the top jobs in our cultural art agencies before any person is brought to Canada to take a job that can be filled by a Canadian. Many thousands of parents have worked hard at low wages in years gone by to pay for lessons to enable their children to be educated in the cultural and art schools.

Honourable senators, all government grants, provincial and federal, should be fully accountable so that all Canadians are 100 per cent assured that the money is used solely for the

purpose for which it is given. In this way we can be guaranteed that all cultural agencies are not wasting hard-earned tax dollars on travel and unnecessary expenses.

Honourable senators, December 4, 1985, is a very important and historic date for the Senate of Canada because a group of senators have stood up for Canada's cultural groups, which touch every community in Canada. Canadian authors, publishers and all artists, regardless of their freely chosen profession, would be cut off from having Canadian owned television programs, as well as schools which help foster new visions of ourselves. It is possible that all Canadian performers and artists will find fewer outlets for the development of their many talents. Our cultural industries give all Canadians a pride of accomplishment and a sense of Canadian identity as a people.

Honourable senators, as many thousands of immigrant new Canadian friends have told me many times during my 17 years of political life:

> Mr. Charlie, I love my country, Canada. I want this country to be strong and safe for my wife, my kids, my grandkids.
>
> Mr. Charlie, I love this country. Please help us to protect it all from sea to sea.
>
> Canada is truly the greatest country in the world. I go home for a visit, but, Mr. Charlie, I come back home to my Canada.

● (0140)

[*Translation*]

Hon. Renaude Lapointe: Honourable senators, the impact of the imminent trade talks between Canada and the United States on culture has sparked quite a bit of controversy across Canada in the past few months and we feel morally obligated to get involved in the debate.

When the Canadian government invited the U.S. government to take part in these talks, Prime Minister Mulroney stated that "our political sovereignty, our system of social programs, our unique cultural identity... are fundamental Canadian constituents and are not at stake in the negotiations we are planning to undertake."

Later, however, the Secretary of State for External Affairs, Mr. Clark, made some public statements which appeared to contradict the Prime Minister.

Media reports and the questions that they raised have fueled and justified these fears. We can expect American interests and the U.S. government to exert strong pressures in an effort to have cultural industries made a bargaining issue. To a great many people, the Canadian government appears weak, easily influenced and unsure of itself. It claims that cultural sovereignty is not negotiable, but that cultural industries are, which is hardly a more reassuring statement. If we are to understand correctly, External Affairs seems to believe that the success of our trade negotiations can only be impeded by our objectives of cultural sovereignty, that compromises will have to be made and that despite everything, Canada has more to gain than to lose by putting culture on the bargaining table.

Mr. Marcel Masse, for one, stated last September that the purpose of a Canadian book publishing policy was to create an environment that would allow this sector which is controlled by Canadians to become competitive, both in Canada and abroad, and to prosper as an industry. He added that while the government has a natural preference for Canadian ownership and control, it recognizes that foreign investments have their place in the cultural sector.

The Canada Council, our cultural watchdog, has brought these contradictions to light and has asked the government to clarify and strengthen its commitments to bring them in line with the Prime Minister's statements. Since this is apparently not enough, the government may have to be pressured even more to adopt a clear, forceful stand. Therefore, the public should take further action to make known its views in an unequivocal manner.

The debate in which we are taking part today will no doubt appear fastidious since the speakers cannot help but be repetitive in some respects. However, it will at least have the merit of having examined an important issue from every conceivable angle. Having been for more than 15 years an arts, music, film and literary critic and having participated in many radio and television programs either as a writer, commentator or invited guest, I agreed to make a modest contribution to this evening's debate by calling to mind this period of my life when culture was my main concern.

Several years ago, Peter Gzowski devised a contest on the CBC and asked his listeners to complete the following phrase: "As Canadian as . . ." Immediately, without effort, we think of the beaver, the maple leaf and so forth. However, the best answer was judged to be: "As Canadian as possible, under the circumstances". That is perhaps truer now than ever before.

In view of our geographic location and our relatively small population, how can we withstand the wave of cultural products from our immediate neighbours, so wealthy, so powerful and so supremely confident of their superiority in all areas? As the Canadian Conference of the Arts put it so eloquently in their brief, barring a few exceptions, in all cultural industries, some principal components are under foreign control, whether it be the producers or the distributors.

Consider for a moment the film distribution industry which, according to Mr. Masse, is in a very gloomy position. I will spare you the details. While the situation with respect to the publishing industry is not quite as gloomy, there are many points of comparison in terms of foreign ownership and distribution.

Regarding another matter, we know that it is extremely difficult for an artist to exhibit or for a Canadian group to perform in the United States. Free trade could have an adverse effect on the number of cultural performers who would come to Canada. In 1984, no less than 31,618 entered Canada. Of this total, 27,561 were from the United States. This year, the Department of Employment and Immigration has tightened its control over the issuance of visas. However, if there is free trade, such controls could no longer be applied and the number

of foreign artists, particularly Americans, entering Canada would increase considerably.

Faced with mounting foreign penetration, the Board of Directors of the Canadian Conference of the Arts wants some guarantee that there is a firm, unequivocal intention on the government's part to increase and maintain its support of Canadian cultural activity before undertaking free-trade talks with the United States. This is the essence of recommendation number 3 contained in the brief's conclusion. In the latest issue of *L'Actualité*, an excellent journalist named Michel Vastel reports rather troubling facts about Marcel Masse and his role of protector of our cultural industries before his resignation, which role he will probably, at least we hope so, still want to play now that he is back in cabinet. In his article entitled "Why is Hollywood afraid of Mickey Masse?", Mr. Vastel says that it was only four days after the surprise resignation of Mr. Masse that the American Trade Secretary, Malcolm Balbridge, reminded the Canadian government that there would be no exception to free trade, not even in the name of cultural sovereignty, and that it was at about that time also that the new American Ambassador placed "broadcasting, publishing, magazines, cable distribution, cinema, and so on" on the negotiation table.

The article reports that Mr. Masse had previously received instructions to relax his position under the threat of an asbestos boycott, which industry is located in his own constituency of Frontenac. Last July, he had nearly convinced Mr. Stevens that the profitability of cultural industries is subordinated to ownership and that the right of Canada to regulate its cultural industries is a matter of sovereignty.

● (0150)

I truly enjoyed the metaphor used by Mr. Vastel when he wrote: "In Washington, people were beginning to frown as they became interested in this Mickey Masse who was sprinkling flat notes on the score of the hymn to free trade in which Mulroney and Reagan had joined a few months before at the Grand Théâtre in Quebec City."

What becomes clear in this analysis, which will provoke much interest because of the little-known facts it reveals, is that Mr. Masse, who had attracted a lot hostility in the beginning among cultural circles, especially among English-speaking Canadians, was able to turn the tide of opinion in his favour once people understood what he wanted to do.

Based on this article, it would appear that when the cat is away, the mice will play, since it seems that Mr. Stevens and Mr. Clark both softened their stand somewhat once Mr. Masse was out of the picture, even though Mr. Benoît Bouchard who replaced him, hastened to deny it in a press release aimed at reassuring the anxious.

We therefore hope that, now that he is minister once more, Mr. Masse will regain his firmness at the same time as his portfolio and consolidate the ramparts which he had apparently begun to erect against American demands.

However, many Canadians are convinced that the cultural occupation of Canada by the Americans is already a reality.

This includes Mr. Tom McPhail, of the University of Calgary Communications Department, who is the author of many books and studies on Canadian cultural policy.

As he tells it, when the American network NBC attempted during the twenties to take over all Canadian radio stations, the Government created the Aird Royal Commission as it did not know whether or not this was a good thing. The direct consequence of this inquiry was the creation in 1936 of the Canadian Broadcasting Corporation, which has played an enormous role in the development of the Canadian culture. Mr. McPhail then speaks about the creation of the National Film Board, which was mandated in 1939 to give a Canadian perspective to its movies, in which it proved to be quite successful.

Further on, however, Mr. McPhail deplores the fact that, in 1960, the Fowler Commission did not tackle the question of cable television. According to him, cable TV has revolutionized the Canadian broadcasting system, and massive imports of American programs have made competition very fierce for Canadians.

In the realm of cinema, he says, investors who want to be eligible for capital cost depreciation appoint a Canadian producer, hire Americans to make the film and, among Canadian actors, more often than not there are only drivers, jacks-of-all-trades, Margaret Trudeaus,—cameo stars. In short, the idea is to find Canadians for minor roles.

The treatise of Professor McPhail should be read by everyone. On the whole, he is very pessimistic. Still he undoubtedly reflects the feelings of an enlightened citizen of southern Alberta who reacts every day to situations somewhat different from those experienced by Quebec residents for instance.

We should not hide the truth: the decisions which will be made by our government will affect the whole country and once the first step has been taken it will be practically impossible to back down even if we realize we have made a faux pas. Esau sold his birthright for a dish of lentils. Our freedom to be different from our neighbours is costly, it is true, but we would deeply regret relinquishing our cultural specificity bit by bit if we were to lend an overly attentive ear to foreign offers that may be tempting or, worse still, if we were to give in to ransom or strong-arm tactics. Unfortunately, economic terrorism does exist.

It is therefore the responsibility of people who will be making those decisions to synchronize their approach first, then to stand firm, avoid haste and cultivate reflection. Arts and culture are not a vulgar commodity; they are not a mere tool of our society; they are an essential element of the collective existence of all Canadians. Why should man conquer the universe, only to lose his soul? as they used to teach us. Countries also have a soul which is made up of all the souls of their inhabitants. It is up to each one of us to provide inspiration. In conclusion, and to paraphrase a song by Lucienne Boyer which dates from way back, I should like to

say: There is no other country like ours; it is not the country of others, it is something better.

Our endeavour today is basically aimed at protecting our country against foreign threat. We thank our colleagues of the party in office who took part in the debate and the others who patiently listened to us; we hope they will at least ingest the substantive marrow of our remarks, as Rabelais would say.

[*English*]

Hon. Lorna Marsden: Honourable senators, you have heard today why Liberal senators believe that the question of our cultural industries is a crucial one to be debated and considered by Canadians. You have heard the well-argued case made by Senator Grafstein, and you have heard the Leader of the Government in the Senate say that this crisis is nothing new. So, I was relieved to hear Senator Davey, Senator Hébert and others put the record straight, the historical record of why, indeed, the situation is new and why the situation is urgent.

● (0200)

I should like to add a variation on the theme to today's debate. Culture does not refer only to the lively arts, the fine arts and the accompanying industries. Culture means our symbols and the values we place upon them which provide Canadians with identity in the world and meaning in terms of our individual lives. Ideas and symbols, mathematical, scientific and material, as well as others, are the heart of any nation's survival. In Canada our survival has been an important and pressing question for each generation. We are part of a world economic system, as Harold Innis made so evident to Canadians in his analysis of our economic development. We have a particular economic history in that world, a history dominated by the political power and capital of European empires, for the most part, since the seventeenth century and through the various industries which have been developed in this country such as the cod fisheries, the forest industry, mining and then by the new imperialism of foreign capital investment.

In our century, profit, rather than political dominance in any direct sense, has been the hallmark of the contemporary empire. Viewing profit-making as both a desirable economic goal and a valid spiritual exercise, western capitalists developed a system of investment and risk-taking that spread western financial power throughout the world. The industrial revolution and the technological and profit-making possibilities implicit in that development increased the financial resources and the economic power of Western Europe enormously. In the world economic system which has developed over this century, countries have been categorized as being core economies, a peripheral economy or a semi-peripheral economy.

The examination of the differences among types of societies depends upon two major sets of factors. The first is the investment of capital. We are all too familiar in this country with our semi-peripheral status in forms of foreign investment, a factor of major historical importance and still a factor of major importance today. The sale of de Havilland to Boeing has just intensified in this sense our semi-peripheral status.

The second major sets of factors are cultural ones. Core economies are not only the major investors in peripheral and semi-peripheral economies, but they also dominate in science, technology and methods and theories of social, political and economic organization. Peripheral and semi-peripheral societies imitate and adapt the models of the core societies. Often those models do not fit. It is easy to see in today's peripheral economies just how much the models of the two core economies of our age, the U.S.A. and the U.S.S.R., do not fit the circumstances of most African nations, for example, as we contemplate the drought, desolation and poverty of those countries. I remember vividly staying in a small town in Ethiopia some years ago where there were bulldozers and street lights, poverty, desolation and starvation. It is more difficult to see how little the models of the core economy fit the semi-peripheral societies such as Australia, Canada, Hungary or Czechoslovakia. Those who were watching the British series on the Public Broadcasting System on the influence of television over these past few weeks will have seen last week cultural representatives from Hungary, Czechoslovakia, Zimbabwe and elsewhere deploring the way in which the dominance of American television was taking from those societies the cultural meaning of their lives.

Throughout this century, as we have accepted foreign capital, we have accepted foreign science, technology and political and economic systems whether or not they have suited our people, our traditions, our climate or our economic development. Why is it urgent now? Through the 1960s and 1970s especially, Canadians have been struggling to resist the latest imperial invasions, particularly in matters of Canadian culture and its control and development. It is urgent now because the small group of elites who are commanding this debate at the present time are lacking in insight about the nature of our own society, our own scientific enterprises, our own technological problems, opportunities and needs. Culture is about ideas, symbols and understandings.

The culture of science and technology in Canada is important both to our economic and cultural sovereignty and we must embed these activities in our Canadian institutions if we are ever to struggle out of our semi-peripheral status. How do we do that?

Science and technology are created, developed and transmitted in institutions which have been discussed extensively in this debate, in universities, in publishing and research institutions. Some of you will argue that most of the scientific ideas of this country come from outside our borders. Most of the technology we use has been developed elsewhere. Science, scientists love to say, is an international language.

All this is true. But it is equally true that those scientific ideas are developed and changed to meet the conditions of living in our country and in our culture. If they are not so developed, analyzed and understood in the context of our own society and in our own material and technical conditions, then they will certainly take us no further.

Honourable senators have talked about the problems of book publishing, of film making, of broadcasting and the need to nourish our culture in Canada. One could also talk about the problems faced by scientists who are forced to join Ameri-

can scientific societies because Canadian societies are not sufficiently funded or organized to get together. Such scientists are forced to look at their data and their problems through the frame of a foreign country, a foreign set of conditions, a foreign economy and a foreign population. We could talk about the desire of such Canadians as Professor Dixon Thompson, of the University of Calgary, to found a Canadian association for the advancement of science or the desire of people to practice scientific exchange on the east-west dimension instead of the north-south. If you think of our scientists and researchers who must publish in the journals of a foreign country or not be published at all because there are no Canadian outlets for their work, you are thinking of our culture.

We have excellent scientists and technicians who are better known abroad than they are in Canada. We have great experts whose ideas are never applied here at all. The brain drain continues. The MRC, NSERC and the SSHRCC put money and priority to developing teams of scientists. They develop an idea, a project, and the results are reported first south of the border. A bright American lures our scientists south without their ideas ever being available to Canadian industry or directly to Canadian science students. The journals and the possibilities in this country are being threatened by the under-financing in the Canadian network.

The policies of this government in last November's economic statement and last spring's budget have weakened considerably the base of science and technology by weakening the employment of workers in these areas, by cutting grants to agencies, by cutting out such projects as the joint Guelph/University of Toronto Toxicology Centre and more. Why is that so? Because it seems that this government has bought lock, stock and barrel the objectives of the modern empire to the south. Too many members of this government are members of the comprador elite of the profit-seeking objectives of international capital.

This morning on *Canada AM* we saw the man who sold de Havilland for Mr. Mulroney making his case. As he described it this morning, profit was everything. Profit was all. Mr. Marshall does not seem to know culture from a pineapple. He knows profit. He will sell anything you can put up for sale, no matter who the buyer is. He is the chosen agent of this government. Watching him this morning in the light of our debate today was a very depressing experience. Where are Canadians to draw the line? Where are we to resist? Those who have read *The New Canadian Encyclopedia* will understand what forms resistance can take. We can read there, in the section on business elites:

> Few members of Canada's business elite have resisted Canada's Americanization. In fact, it may be the only national elite in history that has cheerfully participated in its own demise . . .
>
> This let's-surrender-with-profit syndrome has prevented Canada's capitalist class from attaining any clear perspective of itself and its long-term role.

[Senator Marsden.]

• (0210)

Nate Laurie, in his column of today's Toronto *Star*, makes precisely this point. He talks about some South Korean children who are here for some heart surgery they could not get at home and contrasts this with a Korean auto maker opening a plant in Canada. He says:

> Were these events a simple coincidence, or do they suggest that Canadians have the capacity to save lives, but not to create jobs?

In his column he goes on to say:

> Within the business community today, there are some who believe that we can't create jobs precisely because, in part, we're so good at saving lives. According to this view, programs like Medicare impose an inordinate financial burden on our economy that shows up in our cost structures and inhibits our ability to compete in international markets. Their prescription is straightforward: To create our own jobs, we're going to have to reduce the burden of social-program costs.
>
> In digging in his heels on federal cuts in health and post-secondary education funding at the first ministers' conference in Halifax last week, Prime Minister Brian Mulroney demonstrated a degree of sympathy for this narrow point of view.
>
> The point that Mulroney missed, however, was the link between these programs, technology, and high-skilled jobs. Our social structures have helped to create a medical industry that offers major opportunities for Canadians. And our post-secondary education system has been critical in ensuring that we have taken advantage of these opportunities.

But the post-secondary educational system, that world of science and technology and medicine, cannot happen without the protection and development of our cultural industries in the broadest possible sense. All of the arguments made by my colleagues on this side apply to science and technology. If there are no cultural industries such as publishing, if there is no indigenous science and technology because of those events, so there will be no economic base, no trained workers and no Canada.

[*Translation*]

Hon. Pierre De Bané: Honourable senators, it was Noel Cormier, one of the principal advisers of Clément Richard, until quite recently, Quebec Minister of Cultural Affairs, who said that film was the repository, as it were, of our twentieth century mythology. In fact, we can say that this new mode of expression which was invented at the beginning of the twentieth century and has had a profound impact on contemporary civilization, is one of the unique characteristics of our time.

Honourable senators, I think a country that only sees films made elsewhere has surrendered a major form of cultural expression.

[*English*]

The future of the film industry in Canada is that of tremendous domination by American production. An important part of the problem lies with the distribution network. Distribution service is controlled by the big Hollywood studios. Eighty per cent of total revenues, $400 million made by Canadian movie theatres, is accrued from productions distributed by big American companies. The latest statistics I have show that 97 per cent of the distribution profits were made by companies under foreign control. The situation is so critical that, under the Liberal government of the last year of the Trudeau administration, the Minister of Communications, Mr. Francis Fox, said that he would try to negotiate a satisfactory agreement with the American movie producers. He said that if those negotiations failed, then the government would consider taking strong measures. Fortunately, his successor, Mr. Marcel Masse, said that he will pursue the same policy as that of Mr. Fox; that is, if within six months there is no more positive reaction, he will also move.

Essentially, dear colleagues, we do have free trade in the cinema sector at the moment. The situation, according to the former government, is one where corrective measures are needed. Therefore, when Mr. Clark says that the matter of cultural industries will be on the table, what he is saying, essentially, is that those corrective measures that Mr. Masse is considering will have to be forgotten and that the free trade situation that exists in the cinema sector will continue, despite the commitment that his own minister made a few months before and also in contradiction of what his Prime Minister has said.

On the production side, of course, the Canadian government, through Telefilm Canada and through the 100 per cent cost allowance, has allowed Canadians to produce annually about five times more films today than in the sixties. However, as I have said, the distribution network of the cinemas is controlled by the Americans. If my statistics are correct, barely 1 per cent of the films shown in Canada in our movie theatres are Canadian films. Mr. Marcel Masse has said that he wants to correct the situation and come in with measures, yet the Secretary of State for External Affairs says that cultural industries will be on the table for negotiation. What he is saying, essentially, is that he is listening to the American distributors who are lobbying strongly to preserve the *status quo* and who seem to have Washington's ear. Putting cultural industries on the table would mean threatening the possibility of needed governmental action to make more Canadian films available to Canadian viewers. This is what Mr. Clark is doing. He is renouncing those measures that are warranted by the present situation.

[*Translation*]

Mr. Speaker, there are a number of questions we could ask ourselves about the policy announced by the Secretary of State for External Affairs, which I feel is harmful, first of all, because it attacks our Canadian cultural sovereignty.

Making Canada an integral part of the U.S. domestic market for the convenience of the multinationals constitutes a negation of the sovereignty of our territory.

In the current situation, many of the programming decisions affecting all Canadians are made outside Canada on behalf of foreign economic interests.

This applies to decisions on what films will or will not be available to the public, the emphasis or lack of emphasis on marketing those films and the extent of their distribution in our large urban centres and the regions.

The impact of these decisions, which is initially felt at the movie theatre level, has a ripple effect on other markets such as family VCRs and pay and conventional television. In fact, Canada's autonomy and cultural identity are at stake.

If we look at the economics of the matter, I wonder how many of my colleagues realize that Canada ranks first in size of the market for films outside the United States.

Although our population is relatively small, in 1981—and these are the latest statistics I have—the most important market for American film distribution companies was Canada.

The Americans were ahead of France, the Federal Republic of Germany, Great Britain and Japan.

In 1980, foreign distribution companies made over $160 million and pocketed 97 per cent of the profits made in the industry in Canada. In 1982, Canada paid $140 million in royalties to foreign producers.

Basically, these profits and royalties are reinvested in foreign productions, mostly American. This means that all new jobs and new economic activity are created abroad.

Authors, directors, technicians, scenario writers and foreign performers benefit from film distribution profits made in Canada and are given chance to create new work and enrich their cultural heritage.

Another disastrous result, Mr. Speaker and dear colleagues, is that the choice of films Canadians have is getting smaller.

In 1980, foreign businesses active in Canada, in addition to their share of high receipts, were responsible for 23 per cent of new full length films distributed in this country. I may recall that they got 80 per cent of the income and 97 per cent of the profits.

This is due to the fact that large U.S. corporations are only interested in productions that are likely to be a major commercial success in North America.

Canadian distribution companies were therefore basically responsible for the wide range of films offered to Canadians, because they distributed 77 per cent of new films, in other words, 629 of 831 full-length features.

The expanding activities of foreign corporations since that time have considerably weakened our Canadian distribution companies whose profit margins were already very narrow. The result has been a significant drop in the number of new full-length features offered Canadians every year.

This impact was felt particularly in Quebec, where as we all know, people had access to the widest variety of foreign films anywhere in North America.

Between 1980 and 1982, the number of full-length features was reduced by 100, leading Quebec to adopt legislation to protect Quebec film distribution companies. I remember that when Francis Fox was Minister of Communications, he congratulated the Quebec government on adopting this legislation. I mentioned earlier that Mr. Fox had intended to have similar legislation adopted for Canada. That is what Marcel Masse was about to do when Joe Clark pulled the rug out from under him.

The situation is similar in the other provinces.

● (0220)

[*English*]

In the other provinces, the status of independent Canadian distribution companies declined even more rapidly and many of them were driven into bankruptcy.

If the situation continues to evolve in the same direction and only free-market laws dominate, Canadian companies will see their market share decrease even more and will not be able to survive. Over the short or medium term, we risk seeing their almost total disappearance, followed by a standardization of distribution on the North American level based on distribution models chosen in the United States.

We should recall that these models are such that only a negligible percentage of total screen time is currently set aside for non-American productions in the United States. For all of the movies produced worldwide in a language other than English, this percentage is limited to one per cent in the United States—and that might explain a lot of the reaction of Americans, where 99 per cent of the movies they see are those produced in the United States. This is a model which traditionally has made the United States a closed market for foreign film cultures. This is quite different, I would submit, to the Canadian mentality, which is a lot more open in works of art and production of other countries.

By assuming this model, or the current situation which prepares for it and promotes it, we risk literally depriving Canadians of an opening to the world, which is a specific and distinct trait of their natural cultures.

Finally, it would be an obstacle to the production of Canadian films—and that will be my last word, my dear colleagues. It is an established fact that the existence of a strong national distribution sector is an essential prerequisite for the development of a healthy and prosperous film production industry. The United States and France—the two most important film-producing nations in the western world—are eloquent examples of this fact.

A solid and dynamic national distribution sector is an important source of financing for productions, and also contributes to increasing the quality and commercial value of films. The involvement of national distributors in production also promotes better marketing and better dissemination of Canadian productions. It contributes to creating closer ties between national cinema and its audience.

The increasing predominance of foreign companies in Canadian distribution activities, and the resulting weakening of Canadian companies, deprive Canadian film producers of a normal and indispensable source of financing as well as of important expertise.

Incidentally, this has forced Telefilm Canada and the assistance companies set up in Quebec, Alberta and Manitoba, to compensate with larger public investments or loans.

But surely we cannot continue helping Canadian artists and producers through those grants from Telefilm Canada or the 100 per cent cost allowance, to produce films and, afterwards, no outlets to show them. So I believe that Mr. Fox and Mr. Masse were right when they said that free trade in that sector, since 1922, has not produced any results for Canada, even if one of our great Canadians, Mr. Louis B. Mayer, from Saint John, New Brunswick, became the President of MGM in Hollywood. So I believe that free trade has not given us any positive results. That is why the present Minister of Communications, like the former minister, said that he wants to act on it; and now, of course, the American lobby is applying pressure that free trade continue and that the solution envisaged be abandoned—all in the name of free trade.

So, for all those reasons, I would like to support the motion that has been put and respectfully ask the government to reconsider its position on putting the question of our identity on the table.

Hon. Stanley Haidasz: Honourable senators, as a member of one of the minority ethno-cultural groups of Canada, I want to say that this debate should not be concluded without stressing that the ethno-cultural groups also have their cultural industries. They also have their radio and television programs. They also publish books and magazines and print newspapers. That is why they also have concerns and needs, and they also want to express their fears that Canadian cultural sovereignty will be at risk if it remains on the negotiating table at the forthcoming U.S.-Canada free trade negotiations.

It was a proud day in October 1971, when the Right Honourable Pierre Elliott Trudeau stood up in the House of Commons and announced his government's official policy of multiculturalism, which was also supported by the Honourable Robert Stanfield, by Mr. David Lewis, and by Réal Caouette, leaders of their respective parties in the House of Commons at that time. Therefore, I want to congratulate Senator Grafstein for initiating this very important debate. I am sure that all Canadians share his views and the views of honourable senators who have expressed themselves so eloquently during this debate. I support this motion. Senator Grafstein has played a great role in bringing to the attention of the Canadian government the fact that our cultural industries must not remain on the negotiating table at the forthcoming free trade talks.

Senator Grafstein: Honourable senators—

The Hon. the Speaker *pro tempore:* I must remind honourable senators that if the honourable Senator Grafstein speaks now, his speech will have the effect of closing the debate.

Senator Grafstein: Honourable senators, it is nearly two o'clock in the morning. Yesterday, last night, this morning we have heard moving and personal stories from senators about their own cultural experiences. We have heard lucid, critical, even brilliant insights into all aspects of our cultural industries. The motion has generated a historic response in the Senate. I am informed that more senators have taken part in this debate on one central issue, a single continuous debate over two days, than in any other such debate in the living memory of those senators present. The Senate has responded to the crisis defined in the motion. Senators have responded by their actions both yesterday and this morning. Senators from all regions and on both sides have participated with pride and passion, eloquence and excellence. Together we have constructed a historic moment, a short footnote to history.

Today the Senate has demonstrated that it can act as a guardian of the cultural sovereignty of our country, that the Senate can be the conscience of the nation. As most senators agree, we have reached a broad consensus. The Senate has sent a quiet message, a velvet message to the government that to place Canadian cultural industries on the negotiating table is to do so at great peril. Tonight as well, we have gained implicit support and assurances from the Senate, particularly the government side, respecting the Gulf and Western, the Ginn and Company and the Copp Clark matters.

This has been a long day, a good day for the Senate and a great day for the Canadian ideal. Northrop Frye, in his book, "The Great Code" wrote in the concluding passages of that magnificent work these words:

> Yet perhaps it is only through the study of works of human imagination that we can make any real contact with the level of vision beyond faith. For such vision is, among other things, the quality in all serious religions that enables them to be associated with human products of culture and imagination, where the limit is the conceivable and not the actual.

Honourable senators, let us not limit the scope of our writers nor censure the imaginations of our cultural vanguards. Let us not foreclose the opportunity of our writers to write books about themselves, and about ourselves and to weave exciting tales of our nation.

Finally, may I thank honourable senators, those who spoke and those who sat, the staff, the clerks, the messengers and, particularly, the interpreters and the reporting staff for their patience and their participation.

I conclude this debate by withdrawing the motion to adjourn.

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

Hon. Senators: Agreed.

Motion withdrawn.

The Hon. the Speaker *pro tempore:* Honourable senators, on your behalf, I thank the *Hansard* staff for their excellent effort today in recording this debate.

The Senate adjourned until 2 p.m.

APPENDIX

(*See p. 1573*)

NATIONAL FINANCE

TENTH REPORT OF STANDING SENATE COMMITTEE
REPORT ON SUPPLEMENTARY ESTIMATES (B) LAID BEFORE
PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1986

WEDNESDAY, December 4, 1985

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

TENTH REPORT

Your Committee, to which Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1986, were referred, in obedience to the Order of Reference of Thursday, November 7, 1985 submits its report as follows:

The Committee heard evidence from the following witnesses:

From the Treasury Board:

Mr. J.L. Manion, Secretary;
Mr. D.J. McEachran, Senior Assistant Secretary, Program Branch.

From the Department of Finance:

Mr. J.H. Sargent, Assistant Deputy Minister, Financial Sector, Policy Branch.

In examining Supplementary Estimates (B), the Committee compared the information contained in these Estimates to that found in Part IIIs of the Main Estimates. The Committee felt that this was relevant because of the Auditor General's comments in his 1984-85 Annual Report about the importance of the Part IIIs to parliamentarians. To focus this attention, some Senators chose to examine the request for $12.3 million by the Secretary of State to be used as contributions for the Centre of Specialization program. Part III of the Secretary of State for 1985-86 indicates that the Centre of Specialization program, established in 1983-84 with a budget of $24.5 million, was to end in 1984-85. Treasury Board officials explained that when Part III was written, this program was to be fully expended and terminated at the end of the fiscal year 1984-85.

Because of lengthy negotiations with applicants to the program, the department was able to spend only $10 million of the $25 million, even though it was still the intent of the government to spend the full $25 million. The witnesses indicated that when this became known, the government decided to continue the program in 1985-86 with the possibility of some funds expended in 1986-87. While the actions of the government in extending this program were correct, the only way parliamentarians were to know about this was, as one senator put it, by "sleuthing" it out. In this case, the Part III of the Secretary of State department was not of much use since it was simply a snapshot of the department's plans and intentions at the time it was written. Because the policy was altered and funds were reallocated, this Part III could not reflect this change until the following year. This example demonstrates a problem endemic to all Part IIIs.

Because Part IIIs are a relatively recent innovation and, as indicated by Mr. Manion are, "far from perfect", alternative ways have to be found to update information for parliamentarians without their having to "sleuth" it out. Accordingly some members of the Committee felt that the Treasury Board might look into the feasibility of making available to parliament on a monthly basis, for example, Treasury Board decisions affecting funding allocations, along with a brief explanation. Such a report would be for information only and would not affect the timing of supplementary estimates. The availability of such a report would help parliamentarians to be better informed and thereby allow them to play an even more responsible role.

Respectfully submitted,

FERNAND-E. LEBLANC,
Chairman.

APPENDIX TO THE REPORT

LIST OF ONE DOLLAR VOTES INCLUDED IN SUPPLEMENTARY ESTIMATES (B), 1985-86

These Supplementary Estimates contain six one-dollar votes of which four are entirely financial in nature in that they seek authority to transfer funds between votes and to establish or adjust grants within the same vote. Of the remaining two, one vote seeks authority to issue a loan guarantee, as authorized by Section 22 of the Financial Administration Act, while the second seeks authority to transfer funds between votes and, in addition, to amend the terms of loan insurance provided for in a previous Appropriation Act.

The six votes are as follows:

Energy, Mines and Resources

Energy Program

Vote 5b: Energy — To authorize a guarantee (pursuant to Section 22 of the FAA) by the Minister of EMR, to NewGrade Energy Inc., for loans not exceeding in the aggregate $275,000,000, for a heavy oil upgrader.

Vote 20b: Canada Oil Substitution Program — To authorize the transfer of funds to this Vote.

Regional Industrial Expansion

Vote 1b: Operating Expenditures — To authorize the transfer of funds and extend a previous appropriation act to provide that the aggregate amount of insurance outstanding at any time in respect of de Havilland DHC-7 and DHC-8 aircraft does not exceed $230,000,000 Canadian and $200,000,000 U.S. — This proposal seeks to change the authority from the current, one-time cumulative ceilings of $230M Canadian and $200M U.S., for issue of loan insurance, to continuing amounts which could be reissued as outstanding guaranteed loans are retired.

Vote 10b: To authorize the payment of grants with funds already appropriated.

Vote 16b: Payments to Canadair Limited to authorize the transfer of funds to this Vote.

Solicitor General

Vote 1b: Operating Expenditures — To authorize the transfer of funds to this Vote.

THE SENATE

Thursday, December 5, 1985

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

Prayers.

THE SENATE

OFFICIAL REPORT

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I rise on a point of order or, possibly, a question of privilege, whichever will cover the situation. I think that probably both terms are applicable. I have looked at the scroll and have discovered that Order No. 2 is:

> Consideration of the Tenth Report of the Standing Senate Committee on National Finance respecting Supplementary Estimates (B).

That report is not appended to *Debates of the Senate* for yesterday. I discovered, when I received my copy of *Debates of the Senate* for December 4, that it covers only the debates up to 6 p.m.

Senator Flynn: They thought the rest was superfluous!

Senator Frith: Oh, no, because much of your speech is in there.

Senator Flynn: Anyway, that is not when you began to speak.

Senator MacEachen: Perhaps at this point we should decide who is the Speaker or who is in charge of the Senate—Senator Flynn, the Chair or the Senate as a whole. I want to tell Senator Flynn that we on this side are rather fed up with his constant interruptions and irresponsible behaviour. I would appreciate it if occasionally he took the work of the Senate seriously, as I am attempting to do—

Senator Flynn: If you behave otherwise, I will.

Senator MacEachen: —in raising a point of order with respect to an incomplete account of our debates yesterday.

The title page has the inscription *Debates of the Senate* Wednesday, December 4, 1985. That is a misnomer and it is inaccurate. It does not contain the debates of the Senate; it contains the debates of the Senate until 6 p.m. on December 4, 1985.

Senator Walker: Isn't that shocking!

Senator MacEachen: I do not know who is responsible for this, but I want to say that, in my opinion, it would be much better to delay the production of *Debates of the Senate* until all the speeches can be included. We could wait until later this afternoon or even until tomorrow morning, if necessary to get *Debates* out. I think that the procedure followed is less than preferable. There should be an explanation on the front of the document indicating that these debates cover only a portion of the debates of the Senate of yesterday.

I draw this matter to the attention of honourable senators as a serious point of order because I think it is an unsatisfactory outcome. In the absence of the report to which I referred, I assume that it will not be possible for us to deal with Order No. 2 today.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I fully appreciate Senator MacEachen's concern. Perhaps this matter should be looked at by the Internal Economy Committee. His Honour the Speaker is chairman of that committee, and perhaps he will take it upon himself to have the committee look at the matter.

Senator Flynn: Or refer it to Senator Frith!

The Hon. the Speaker: Honourable senators, I am told that it was completely impossible, because of the necessity for having the translation available, to put out a complete *Debates of the Senate* today, and that the soonest we can get a complete copy is tomorrow. Without my knowledge, they chose to publish the debates up to 6 o'clock. I agree with the Leader of the Opposition that perhaps there should be a note on the front of the document to say that it is a partial document. Perhaps they should be replaced when the full debates are published, if that is the wish of honourable senators.

Senator Doody: Honourable senators, perhaps I can help in this process. I would refer honourable senators to the *Minutes of the Proceedings of the Senate* of Wednesday, December 4. Printed as an appendix to that document is the tenth report of the Standing Senate Committee on National Finance. Perhaps the honourable Leader of the Opposition could refer to it. It may help him in his present quandary.

INCOME TAX CONVENTIONS BILL

FIRST READING

Hon. C. William Doody (Deputy Leader of the Government) presented Bill S-6, to implement an agreement between Canada and the Union of Soviet Socialist Republics, a convention between Canada and the Cooperative Republic of Guyana and an agreement between Canada and India for the avoidance of double taxation with respect to income tax.

Bill read first time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Tuesday next, December 10, 1985.

GOVERNOR GENERAL'S ACT
GOVERNOR GENERAL'S RETIRING ANNUITY ACT
SALARIES ACT
JUDGES ACT

BILL TO AMEND—REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, December 5, 1985

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

TENTH REPORT

Your Committee to which was referred Bill C-78, intituled: "An Act to amend the Governor General's Act, the Governor General's Retiring Annuity Act, the Salaries Act and the Judges Act", has, in obedience to the Order of Reference of Thursday, November 28, 1985, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOAN B. NEIMAN,
Chairman

THIRD READING

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

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

[*Translation*]

CAPTAIN RONALD G. McBRIDE

UNVEILING OF MEMORIAL SCULPTURE—VISIT OF INDUSTRIAL MISSION FROM FRIULI, ITALY—NOTICE OF INQUIRY

Hon. Peter Bosa: Honourable senators, I give notice that on Tuesday next, December 10, 1985, I will call the attention of the Senate to the unveiling ceremony, at Toronto Downsview Air Base on October 20, 1985, of a sculpture in memory of Captain Ronald G. McBride, who lost his life in active service on May 16, 1976, while surveying the earthquake area of Friuli, Italy, and to the visit to Canada of an industrial mission from Friuli headed by the Honourable Gioacchino Francescutti, Minister of Industry, and Mr. Gianni Bravo, President of the Udine Chamber of Commerce.

[*English*]

THE ENVIRONMENT

AIR POLLUTION ON PARLIAMENT HILL AND PUBLIC EDUCATION CAMPAIGN—NOTICE OF MOTION

Hon. Royce Frith (Deputy Leader of the Opposition): Before I read my notice of motion, and as part of the background thereto, honourable senators will remember that a week or so ago we were advised of a notice of a motion by Mr. Caccia in the other place regarding leaving engines of cars running on Parliament Hill. I thought that we should decide to deal with that in some way.

Therefore, honourable senators, I give notice that on Tuesday next, December 10, 1985, I will move:

> That the Senate urge all Senators and drivers of other vehicles on Parliament Hill to abandon the practice of leaving vehicle engines running within the precincts of Parliament Hill as such practice adds to environmental damage and, further, the government should launch a public education campaign inviting all Canadians to do the same and to invite the provincial governments to take the same steps; and
>
> That a Message be sent to the House of Commons to acquaint that House accordingly.

BUSINESS OF THE SENATE

ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 10th December, 1985, at two o'clock in the afternoon.

Honourable senators, I should like to take this opportunity to run briefly through the legislation that is now before the Senate, and by that I mean legislation that is actually before Senate committees or the subject matter of which is before Senate committees for pre-study.

Honourable senators, in running through the legislation that is before the Senate in one form or another, I will specify the items that the government thinks are essential at this time. I will ask for the co-operation of the Senate in trying to expedite the legislative calendar of the government between now and the scheduled adjournment date for the Christmas recess. Obviously, the Senate, as I have no need of saying, is its own master and will do as it sees fit. It is, however, my duty to run through the list of legislation which is considered to have an element of priority.

Now before the Senate is Bill C-66, respecting the Canada Development Corporation Reorganization. I understand that the debate on second reading of that bill will continue later this day.

Being examined by Senate committees are the following bills: Bill C-81, to amend the the Criminal Code (lotteries);

Bill C-49, to amend the Criminal Code (prostitution); and Bill C-59, respecting Customs.

Under pre-study by various Senate committees are the following bills: Bill C-79, the CCB-Northland bill; Bill C-83, the Tax Rebate Discounting bill; Bill C-84, to amend the Income Tax Act; Bill C-46, Bill C-47 and Bill C-48, which have been pre-studied, although I noticed that they were again considered in committee on Tuesday when the Minister of Justice and Attorney General for Canada appeared. Two of those have been reported on, and the third is being dealt with as an inquiry on our order paper. There is also Bill C-74, to amend the Constitution Act, 1867, which is, in effect, a bill respecting the Electoral Boundaries Readjustment Act; and Bill C-55, to amend the Immigration Act, 1976. Also before various committees for pre-study are the following bills: Bill C-70, to amend the Family Allowances Act, 1973; Bill C-80, respecting the Excise Tax Act; and Bill C-82, to amend the Gas Revenue Tax Act. There was some suggestion that the Petroleum Incentives Payments bill may be before the Senate very soon, but that has not been confirmed.

Senator Frith: What is the number of that bill?

Senator Doody: I do not have the number. I saw a copy of that bill this morning but did not take note of the number because I have not been officially informed about its status. It is possible that that will be before the Senate in the near future.

Honourable senators, I simply bring this to your attention. I know that it is our hope to start the Christmas recess on Thursday, December 19; that is the target date. I sincerely hope we make that date. If it is necessary to meet on Monday, December 16 in order to facilitate the work of committees, or to work an extra day, such as Friday of next week, I am sure honourable senators will be only too pleased to do so. At least, that has been our custom in the past. If we achieve our ambition and adjourn on December 19, then I would look forward to returning on January 21, which is a Tuesday. I understand that the House of Commons will be returning on January 13, and I think it is our usual custom to reconvene a week after their date. These are the guidelines that we are operating under at the present time. Obviously, nothing is cast in stone or lodged in ice when the House of Commons is passing legislation and sending it to us, but these are the bills with which we have been asked to deal and this is the time frame within which we would like to see them dealt with.

• (1410)

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, without commenting on any of the other items, does the Deputy Leader of the Government think it reasonable to ask both houses to deal with Bill C-84, which is a very bulky income tax bill containing, I believe, 30-odd tax measures and 135 clauses within that time frame? It has only been tabled in the House of Commons and came to us for pre-study just a short time ago. I wonder whether it is reasonable to expect a complete study of that bill by the proposed adjournment date and whether there is any urgency to having it done by that date, since additional study might be justified. Personally, I express some bewilderment that such urgency is attached to that bill given the short time frame and in view of its importance.

Senator Doody: I have been told, and I can well understand it, that the government feels that Bill C-84 has some urgency attached to it and would like to have it dealt with before the Christmas break. I can understand the honourable gentleman's bewilderment because I sat on that side of the house for six years or so so and I constantly expressed bewilderment as we came close to the Christmas deadline or the summer recess or any other break. There seemed to be a tremendous flurry of activity and a tremendous amount of urgency about bills on the other side of the building around that time.

As to whether or not that bill can be properly dealt with by the committee during the period that we have left, I leave that question to the chairman of the committee to comment on. Obviously, I am conveying the message of the government that they feel that that bill is one they want back before the Christmas break. As I said at the beginning, it is up to the Senate to decide how to dispose of the legislation put before it, but I would invite comments from the chairman of the Banking, Trade and Commerce Committee.

Hon. Lowell Murray: Honourable senators, we took a fairly healthy first cut at this legislation last night in the presence of officials from the Department of Finance and with the assistance of our own committee counsel, Mr. Gillespie. In the course of last night's meeting we were able to identify a number of issues, technical and otherwise, that are of concern to honourable senators. We instructed our counsel to give further thought to some of these matters. We asked him to try his hand at some draftsmanship on some of these matters, and we have received an undertaking from the officials that they will get back to us with additional information on some other questions.

There are a number of bills before the Banking, Trade and Commerce Committee, but I have scheduled another meeting on the pre-study of Bill C-84 for next Tuesday morning at 9.30. My assessment of the situation in committee, given the time left to us, is that we should be able to meet with whatever frequency is necessary between now and the adjournment to deal effectively with the pre-study of the bill. I hasten to add that nobody in the committee has given me any commitment as to when we could terminate the pre-study. So I am not making any commitment on behalf of the committee except to say that I think we could meet with whatever frequency is necessary between now and the Christmas adjournment to deal with it.

Hon. John M. Godfrey: Honourable senators, I think one of the jobs of the Banking, Trade and Commerce Committee and, indeed, of any of our committees dealing with a tax bill, is to allow the private sector enough time to go through it, examine it and see whether there are any defects, anything that has been overlooked by the department. If we rush it too much, we do not get that input from the private sector. My concern is: Have they had enough time to go through the bill thoroughly and, if they want to raise something, do they have

enough time to do so? We are not going to turn the bill down; all we are going to try to do is improve it or point out defects.

Motion agreed to.

QUESTION PERIOD

[*English*]

CANADA-UNITED STATES RELATIONS

BILATERIAL TRADE NEGOTIATIONS—CULTURAL INDUSTRIES

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, in a sense, I want to continue the debate we had in the Senate yesterday by asking a question based upon the statement made in Chicago last night by the Prime Minister that there would be discussions now between Canada and the United States on better trade rules for the cultural industries.

I should like to ask the Leader of the Government whether he could tell us in some explicit detail which cultural industries will now be subjected to discussion in the expectation of getting better trade rules. Does this include book publishing, films and the whole gamut of industries mentioned yesterday?

Hon. Duff Roblin (Leader of the Government): Honourable senators, as I stated on the other occasion, I can reply in general terms using the words of the Secretary of State for External Affairs and say that any discussion on cultural matters will be aimed at strengthening Canadian cultural powers and potential; not in any way to decrease our capacity to develop our culture in our own country to suit our own ways. That is still the intent of the government.

I am not sure whether I am going to be able to answer my honourable friend in any further detail in respect to the point he has raised, but I will make some inquiries and see if I can furnish further information.

THE ECONOMY

UNITED STATES INVESTMENT IN CANADA

Hon. Ian Sinclair: Honourable senators, I have questions relating to two different areas and I will deal first with the one which arises out of the address of the Prime Minister in Chicago yesterday.

According to the text of that address, he said, "Canada has always been a good place to do business." I think that is an accurate quotation.

I draw to the attention of senators that it was only a year ago that the Prime Minister, before the Economics Club of New York, said that Canada was "now open for business". These statements seem to indicate some change in the rhetoric, at least.

When the Investment Canada bill was introduced in this chamber, honourable senators were told that we could anticipate a flow of American investment. Today the Canadian dollar is still at a discount of about 37 per cent. My question is: When are we going to see that flow of American investment?

Hon. Duff Roblin (Leader of the Government): I think I can say to my honourable friend, with respect to his preamble, that it is perfectly true that Canada is a good place to do business, but sometimes it is a better place to do business than at other times. I think we have seen that happening in the policies the present government has been implementing. I point out to my honourable friend that he knows better than most people what happens to the pressure on the Canadian dollar at this time of the year, for reasons which are well known, and one does not know how far the dollar will be carried down. As for the aspect of American investment in Canada, we will simply have to wait and see what the figures produce.

• (1420)

Senator Sinclair: As a supplementary to that, honourable senators, I note that the Leader of the Government in the Senate said that the policies of the government make Canada a better place to do business. Did he have any reference to de Havilland in his mind when he made that statement?

Senator Roblin: I made the statement of general application and it stands.

Senator Sinclair: I hope, honourable senators, that, in accordance with some undertakings that were given in the debate on the Investment Canada bill, we will be provided with some evidence in the form of figures as to the flow of American investment into Canada. I recognize that the Leader of the Government in the Senate does not have that information at hand, but I wonder whether he could undertake to provide to us some figures, preferably on a quarterly basis, which would indicate net American investment in Canada.

Senator Roblin: I think that those figures are routinely available to any Canadian through the DBS publications.

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—CULTURAL INDUSTRIES

Hon. Keith Davey: Honourable senators, I direct my question to the Leader of the Government in the Senate. Can we assume from the Prime Minister's speech in Chicago yesterday, that cultural affairs will not be on the table in any free trade discussions with United States?

Hon. Duff Roblin (Leader of the Government): I think that the Prime Minister's words speak for themselves. I certainly do not attempt to put any gloss upon them.

Senator Davey: Surely my question is a fair one. I have read the press reports of his statement. Is that what he was trying to say? Surely that is a reasonable question.

If not, let me try another one. Did the Prime Minister's comments in Chicago yesterday mean that there is no possibility of a so-called revised edition of *Time* magazine? Surely there could be a yes or no answer to that question.

Senator Roblin: Surely there cannot be. Whether there is a revised issue of *Time* magazine depends on the *Time* magazine people. That is not a matter within the purview of the government.

Senator Davey: In other words, the lobbying which *Time* magazine is presently conducting in Canada, involving Mr. d'Aquino from the Business Council on Issues, and others, will continue. It seems to me that what the government leader is saying—and I would be the last person in the world to attempt to put words into his mouth—is that there is the possibility of a so-called revised edition of *Time* magazine.

Senator Roblin: My honourable friend is asking me what *Time* magazine is going to do. I do not know.

Senator Davey: Surely the government leader realizes that what *Time* magazine is going to do depends on the actions taken by the Government of Canada. Is the Government of Canada prepared to take those actions or not? Surely the honourable senator realizes that the revised, so-called, edition of *Time* requires action by the Government of Canada. As I read the statement of the Prime Minister that was delivered in Chicago yesterday, I was encouraged to believe that that may not happen. But the Leader of the Government in the Senate is saying to me that it still might, if *Time* wants it to.

Senator Roblin: Is my honourable friend talking about Bill C-46 of yesteryear?

Senator Davey: I am talking about *Time* magazine coming back into Canada with a revised, so-called, Canadian edition. That is really what I am talking about.

Senator Roblin: I repeat that I have no information about that whatsoever. If my honourable friend is asking me whether the Government of Canada intends to change a policy that will affect the decisions of the *Time* company, the answer is no.

Senator Davey: That is the answer I had been hoping for. I am most grateful.

Senator Flynn: Put the question correctly.

Hon. Jerahmiel S. Grafstein: Honourable senators, I am now more confused than I was after the debate of last evening, when I thought that there was broad agreement that cultural matters would be treated separately and that the book publishing industry, in particular, would be treated separately from general economic matters. I thought that a strong consensus had been reached in that regard on both sides of the house. If I may, I will come to the Prime Minister's statement in Chicago and will go over some of the ground covered by Senator MacEachen. What Mr. Mulroney said in Chicago was this:

> When it comes to discussing better trade rules for cultural industries—

Does that mean that there will be trade rules for films, trade rules for books and trade rules for magazines, including *Time* magazine? Will there be such trade rules? I presume that means trade rules between Canada and the United States with respect to these industries. Could the Leader of the Government clarify this, because the impression left by the press reports yesterday was that the Prime Minister was saying that cultural industries were not for sale. But when one looks at his text, it says that he is about to discuss trade rules for cultural industries. Which is it? Are we still going to be discussing trade rules for cultural industries, and does that not necessarily mean that those cultural industries are going to be negotiated? Which is it?

Senator Roblin: Well, my honourable friend really mixes up the issue, certainly in my mind. If he is as confused as he sounds to me, he is very confused. The answer is that the Government of Canada does not consider these cultural matters as being economic issues. That is the clearest interpretation that can be put on the statements made by the ministers and by the Prime Minister himself. They are not economic issues; they are cultural issues. If we can find some advantage for cultural issues, well and good; but they are basically cultural issues and, as such, are not negotiable in any sense that they derogate from our cultural sovereignty.

Senator Doody: Hear, hear.

Senator Grafstein: Why are we discussing trade rules for cultural industries that are not to be negotiated? It doesn't follow.

Senator Roblin: If my honourable friend would take the trouble to read again, either tomorrow or the next day, the reply I have just given him, he will find the answer to his question.

Senator Flynn: He doesn't want to understand.

Hon. Lorna Marsden: Honourable senators, it seems to me that it would be helpful if the Leader of the Government would tell us, then, what it is that culture, in his mind, or in that of the Prime Minister, is—because, for example, there is great contradiction, as I understand it, between what we have been discussing—that is, the Prime Minister's statement in Chicago that our culture is not for sale—and the sale of a very important part of our culture to Boeing. As Mr. Young says in today's *Citizen*, Boeing has bought two or three decades of research work at the National Research Council, the right to produce and sell the world's best short take off and landing, the STOL, aircraft. If that is not our culture, what is it?

Senator Roblin: On the basis of that line of questioning, I am not sure if there is any aspect of our activities in this country that could not be described as "cultural". In my own mind, that particular matter is economic.

Senator Marsden: That exactly illustrates my point. Could you please tell us where you draw the boundary around culture? What is culture and what is not? I think we have to have that definition, because you have now introduced the term "economic versus cultural", and you are really leaving us in the position where we can include everything or nothing. There must be some balancing.

Senator Roblin: I am afraid that, much to my honourable friend's amazement, the rule of common sense will prevail.

Senator Marsden: The rule of common sense will not prevail here. We need a definition. It is not useful to talk about common sense in these terms, because there is not shared sense, which is what common sense is; and what we are telling you is that we do not share your understanding. That is what our discussion yesterday was about. We are trying to arrive at some common definition of what we are talking about. Could you help us, please, by telling us what you consider to be cultural?

Senator Roblin: I will report to the Minister of Communications that my honourable friend thinks that the de Havilland issue is a cultural one.

Senator Marsden: That's fine; but could you please tell us what you mean by "cultural"?

Senator Roblin: I think that I can go no further than I have already gone in dealing with that matter.

HEALTH AND WELFARE

FITNESS OF MEAT FOR CANADIAN CONSUMPTION

Hon. Ian Sinclair: Honourable senators, seeing that we have to deal with common sense, and things like that—

Senator Flynn: That remains to be seen.

Senator Sinclair: —may I direct the minds of honourable senators to a statement that was made in our national newspaper, the *Globe and Mail*?

Hon. Duff Roblin (Leader of the Government): Careful now.

An Hon. Senator: English language national newspaper!

Senator Sinclair: I am told to call it the "English language national newspaper!" In any event, it is the newspaper that I believe businessmen outside of Canada read. In today's edition there is the following headline: "Fails export tests, meat fit for Canada". It goes on to say that out of the east came meat to the west, and Dr. Merle Olson, from the University of Calgary, said:

> At the very most they should be used for dog food,—

An Hon. Senator: It was from New Brunswick.

Senator Sinclair: An honourable senator said it was from New Brunswick. Well, that is correct. My question is: Can the Leader of the Government inform us who called? Did Premier Hatfield call, and whom did he call; and if he did not call, who did call?

Senator Roblin: Honourable senators, I believe my honourable friend is a little confused. Premier Peckford is not the Premier of New Brunswick. The honourable senator has the wrong man. I do not know what telephone the honourable senator has been tapping into, but he has the wrong man. He is probably talking about Premier Hatfield.

• (1430)

Senator Sinclair: I said Premier Hatfield.

Senator Roblin: You said Hatfield?

Senator Sinclair: Yes.

Senator Roblin: I am relieved. I knew that my commonsense friend would at least get that part of his story right in any case. I will tell him this: I will be glad to obtain from the Department of National Health and Welfare the reports that were rendered in respect to this transaction in order to assure him, if that is possible, that no danger to the health of those who might eat that food arises.

Senator Doody: Including the honourable gentleman.

Senator Frith: Get the dope.

Senator Sinclair: What has happened in the department to change the government's view as to the views of their inspectors with regard to meat as compared to fish?

Senator Frith: You will get that information, too.

Senator Roblin: Honourable senators, as is often the case, my honourable friend's premise is completely false.

Senator Frith: Oh, you are not going to get that information.

Senator Sinclair: Honourable senators, I do not know whether or not my honourable friend wants to answer the question, but I will be glad to repeat it if he would like me to put it more clearly.

Senator Roblin: Yes, I would.

Senator Sinclair: Does he think that the people of western Canada should be protected from meat that is not fit for export?

Senator Roblin: I think the people of Canada should be protected from meat that is not fit to eat, and that is why I intend to get for my honourable friend the report I mentioned.

Senator Argue: If the Americans won't eat it, we will have to.

Senator Sinclair: Honourable senators, I asked the leader whether he feels that the people of Canada should be protected from eating meat that is not fit for export. Is his answer no?

Senator Roblin: I have given my friend the answer. There is a great difference between the rules that govern export products and those that govern domestic products. The question at issue is, is this meat healthy? The rest of what has been said is, to a large extent, a side issue. I shall find out about the health aspect of the matter and let my honourable friend know.

Senator Sinclair: Honourable senators, I think we all know that people are very sensitive these days—

Senator Frith: Did they eat buffalo in Chicago last night?

Senator Roblin: No, corned beef.

Senator Argue: That is pretty corny.

Senator Sinclair: Honourable senators, I think everybody in this chamber must know that the people of Canada are very sensitive to inspected products being made available for human consumption. In light of that, I would hope that Canada's English language national newspaper would indicate that Dr.

Merle Olson is not to be believed, according to the government.

Senator Roblin: I do not know what Canada's so-called national newspaper will do, but I do know that I will produce for my friend the health report in which he is interested.

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED

SALE TO BOEING CORPORATION—TABLING OF MEMORANDUM OF AGREEMENT

Hon. L. Norbert Thériault: Honourable senators, like most Canadians I have been watching very closely what has been said, both in the press and in the other place, on the events surrounding the proposed give-away by the government of de Havilland Aircraft to Boeing. In my short experience in this place, I have come to realize that the Standing Senate Committee on Banking, Trade and Commerce is a knowledgeable committee with very knowledgeable and experienced members sitting on it. Before the total agreement is finalized between Boeing and the Government of Canada, I wonder whether the memorandum of agreement could be provided to this house so that the Banking, Trade and Commerce Committee can take a look at it and advise us as to who is wrong and who is right.

Certainly, in my reading of the press reports on this affair and in my humble opinion, this is the greatest give-away that the Government of Canada and the people of Canada have ever been subjected to. There is talk about $90 million, $165 million, insurance guarantees, royalties and so on. According to many of the press reports, it is a complete give-away with no real guarantee as to whether or not ten years down the road Canada will have an aerospace industry at all. Will the Leader of the Government in the Senate inquire of his government to determine whether that memorandum of agreement can be made available to this house?

Senator Flynn: You know the rules.

Hon. Duff Roblin (Leader of the Government): Honourable senators, by no means do I accept the preamble or short address with which my honourable friend has favoured us in raising this matter. It is customary, I guess, to expect this kind of thing in Question Period. My answer to his question is succinct: Yes.

AGRICULTURE

NATIONAL SUGAR POLICY

Hon. Joyce Fairbairn: Honourable senators, prior to entering the chamber this afternoon I received a copy of a telegram sent to the Prime Minister from Mayor Andy Anderson and the City Council of Lethbridge, Alberta, urging the Prime Minister to become personally involved in the resolution of a national sugar policy for Canada and expressing the alarm of the farmers in that area that such a statement has not yet been forthcoming. Given that cabinet usually meets on Thursdays, I am wondering whether the government leader has any words to convey to those concerned in Southern Alberta.

[Senator Sinclair.]

Hon. Duff Roblin (Leader of the Government): Honourable senators, as my honourable friend has pointed out, this telegram was addressed to the Prime Minister. It was not addressed to me, and I have not seen it. I have every confidence that the Prime Minister will answer it in the most satisfactory way that is open to him.

Senator Argue: In which year?

JUSTICE

CANADA COMMISSION OF INQUIRY ON WAR CRIMINALS—EXTENSION OF TIME—BUDGET

Hon. Stanley Haidasz: Honourable senators, I would like to ask the Leader of the Government in the Senate whether the Minister of Justice has approved the request by Mr. Justice Jules Deschênes to extend the work of his committee which is investigating Nazi war criminals in Canada.

Hon. Duff Roblin (Leader of the Government): I believe that matter is under consideration at the present time.

Senator Haidasz: Honourable senators, I have a supplementary question. Could the leader also tell us what was the initial budget for the work of this commission, which was to have brought down its report by December 31 of this year?

Senator Roblin: Of course, my honourable friend knows perfectly well that I do not have that information. It is really not the type of question that should be raised in Question Period. If he will table his request for information in the usual way, I am sure that we can get him an answer.

STATUS OF WOMEN

FUNDING OF GROUPS—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, I would like to ask the Leader of the Government in the Senate about a matter concerning the status of women. At our penultimate meeting in this chamber, I asked the leader what the government's response was to the premiers' proposal in Halifax last week, and he declined either to comment or to obtain further information. There are now rumours that the government is planning both to cut and to re-align the funding support of the status-of-women groups in this country. I wonder if the leader would tell us the time at which we will know about the funding plans for such groups for this year, so that we can know when those rumours will be confirmed or denied.

Hon. Duff Roblin (Leader of the Government): Honourable senators, if I remember correctly, when the point was raised I advised the chamber that this question was one which was not settled at the premiers' conference, like several others; that it was left over for further consideration. The responsibility lies with the Prime Minister and the premiers to set that joint consideration in motion. I have really no means of telling when that will be or if and when we may expect further information

that my honourable friend seeks, but as soon as those discussions are completed I am sure that a statement will be made on the matter.

Senator Marsden: Honourable senators, I have a supplementary question. The Leader of the Government will appreciate that there is a great desire on the part of the people concerned with the status of women to be as effective as possible in presenting their case. As is traditional in this country, this depends on the support that the government offers to status-of-women groups and other groups interested in making their cases. Can the Leader of the Government tell us whether there is some relationship between the government's funding plans and the lack of response to the premiers in Halifax?

Senator Roblin: My honourable friend would probably agree with me if I were to say that the present government's policy with respect to the status of women has been a considerable advance over anything we have seen before in terms of the activities of the federal government, and certainly that the legislation that is being proposed, or will be proposed if it is not already on the order paper, with respect to that matter is a substantial advance. That activity represents the policy of the government. We are interested in making progress, and that is what we hope we will be able to do.

Senator Marsden: Let me say that I would not agree with the honourable senator. I do not think it is an advance in any way, shape or form. However, my question was about funding, which, of course, is not legislated, and I wonder if he could respond to that.

Senator Roblin: I gave my honourable friend a chance to express an impartial and detached view of the matter. I must say that she did not live up to my expectations.

With respect to the question she asked, there is no relation.

CANADA-UNITED STATES RELATIONS

PRIME MINISTER'S SPEECH IN CHICAGO—DEFINITION OF "JOINT TENANCY" AND "CONSTRUCTIVE INTERNATIONALISM"

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, before we leave Chicago there is another expression I am taking from the text of the speech of the Prime Minister in Chicago. It reads as follows—and when he says "we", he is speaking of the United States and Canada:

> And we are more than economic partners. We have joint tenancy of this great continent and of its environment.

Senator Flynn: Succotash.

Senator Frith: Yes, I would think that succotash is right. Senator Flynn calls this succotash, and that is an interesting way to describe it.

In any event, what we should understand is that the Prime Minister is a lawyer, and I assume that he is not confused—even though Senator Flynn is also a lawyer and he seems to be confused about this—about the term "joint tenancy", which means, of course, an undivided half interest in the whole. That means that he feels that we own half of all of the continent, and so we own half of the United States. The United States also owns half of all the continent and so owns half of us. He also says, "and of its environment". I assume that means the water, et cetera. It would be nice if we could own half of Florida. In any event, I am sure that the Prime Minister was using the term in another context. Incidentally, there is another side that I suppose would not apply to this use of the term "joint tenancy". One of the incidents to joint tenancy is that the survivor inherits the whole. Therefore when either side dies, the other gets the whole estate, which is not the case with tenants-in-common.

In any event, quite apart from this legal dimension, it is an interesting political concept that there is joint tenancy, and when we consider that the person who used the words is not only the Prime Minister of Canada but is also a lawyer—

An Hon. Senator: He thought that Canada was bankrupt.

Senator Frith: Yes, he thought that Canada was bankrupt; that is true. However, we can assume that he did choose the words carefully. I wonder if the Leader of the Government in the Senate would give us some idea of what the Prime Minister meant by "joint tenancy" and perhaps expand that interesting phrase for us, as he was at pains to do after the election when it came to another semi-legal expression "sacred trust".

Senator Hicks: Don't you think he meant "tenancy in common"?

Senator Frith: He might well have, but he does say "joint", and a lawyer is presumed to know the difference between joint tenancy and tenancy in common. I do not expect an answer to this today, but perhaps some day before the break we can have an explanation as to what the Prime Minister meant by that expression.

Hon. Duff Roblin (Leader of the Government): After listening to my honourable friend, this is one of those rare occasions when I thank God I am not a lawyer.

Senator Frith: There are those of us who share that view.

Senator Roblin: I think you are well advised to do so. However, I wil convey to the Prime Minister, in the most delicate terms that I can, that my honourable friend really thinks that terminological exactitude is not his forte.

Senator Frith: No, that is not what I want; I want to understand what he meant by it. I want to give him an opportunity to explain.

Senator Roblin: You are allowed to make your own interpretation.

Senator Frith: Of what? I did not get anything to make an interpretation of.

Hon. Allan J. MacEachen (Leader of the Opposition): While we are still in Chicago, perhaps the Leader of the Government in the Senate would tell us what the Prime Minister meant in his description of the tasks facing the new Government of Canada—although it is getting a bit stale by now. He said that the tasks facing the government were

national reconciliation—and we have seen where that is going in the last week—economic renewal and constructive internationalism. I wonder if the Leader of the Government would tell us what this task is that the Prime Minister has now assigned to his government called "constructive internationalism". Is it a new task?

Senator Roblin: I am going to tell the Prime Minister that the exegesis of his text being conducted by the gentlemen opposite should give him some degree of satisfaction, because they certainly appear to have read his words with some attention.

With respect to the—

Senator Frith: Perhaps we will get some satisfaction in return, then.

Senator Roblin: You won't get much satisfaction from me, because—

Senator Frith: What, no *quid pro quo*? You will take all of the satisfaction and give none back?

Senator Roblin: No. I am not here to give satisfaction. I am here to answer questions as best I can, and of course there are some questions which I will not be able to answer to the satisfaction of the gentlemen opposite.

Senator MacEachen: Will the Leader of the Government undertake to enlighten us as to what this term "constructive internationalism" means? After all, it is a task in which the Leader of the Government now must share; to produce "constructive internationalism." What is it? Is it a new orientation for foreign policy or is it just a word that the Prime Minister's speech writer thought would be interesting? I would like to know; which is it, a new thrust or a new phraseology covering current policies?

Senator Roblin: My honourable friend really ought to table an inquiry on this so that we can have a debate. If I were to launch into an exposition of the attitude the government is taking in the United Nations, for example, in the last few months with respect to international affairs, one would be able to detect some changes in our attitude towards various matters. Also, if I were to discuss with my honourable friend the initiatives in foreign policy that are now before the joint committee of the Senate and the House of Commons on the matter, it might also shed some light on the subject. But I am not going to do any of those things, because they do not lend themselves to rational question-and-answer activity such as we enjoy at this stage in our daily proceedings. However, if my honourable friend wants to table an inquiry and to debate these matters, I am sure a number of senators will be glad to join with him.

Senator MacEachen: The Honourable Leader of the Government has used an odd expression. He says that these kinds of things are not subject to rational discussion in the form of questions and answers. What does that mean? Does it mean that we must be irrational and table an inquiry?

Senator Roblin: No, I simply mean that Question Period was originally designed for short questions and short answers,

[Senator MacEachen.]

and that a discussion of Canada's foreign policy fits neither of those two descriptions. I really cannot understand how a parliamentarian with the vast experience of my honourable friend, who understands Question Period both ways, can be in any doubt as to the matter.

Senator MacEachen: Let me give you a short question, and illustrate your theorem that we ought to have short questions and short answers: Does the Prime Minister project a new orientation for Canadian foreign policy when he uses the term "constructive internationalism"?

Senator Roblin: I think it is a method of describing the foreign policy which the government is presently endeavouring to implement.

Senator MacEachen: I see.

UNESCO

CANADA'S PARTICIPATION

Hon. Stanley Haidasz: Honourable senators, I have a short, simple question on foreign policy which I would like to direct to the Leader of the Government in the Senate.

Now that the government of the United Kingdom has followed the example of the U.S. by withdrawing from UNESCO, is Canada far behind?

Hon. Duff Roblin (Leader of the Government): I do not think Canada is following in the wake of any country with respect to its policy on UNESCO.

CANADA-UNITED STATES RELATIONS

PRIME MINISTER'S SPEECH IN CHICAGO—DEFINITION OF "CULTURAL SOVEREIGNTY"

Hon. Lorna Marsden: Honourable senators, the Leader of the Government in the Senate refers to the exegesis of the Prime Minister's text, and it is vital to us. We are really trying very hard to understand exactly what the Prime Minister and the government mean, which is why we were still in this chamber at some time after 2 o'clock this morning.

I wonder if, in speaking to the Prime Minister, you would add to your list a request for his explanation of the term "cultural sovereignty". He is quoted as having said in Chicago yesterday:

> —you will have to understand that what we call cultural sovereignty is as vital to our national life as political sovereignty.

We saw what the Prime Minister thought of political sovereignty this summer in the case of the United States ship that went through our northern waters. I think it would be very helpful, indeed, if boundaries could be defined around the term "cultural sovereignty".

● (1450)

Hon. Duff Roblin (Leader of the Government): My honourable friend has failed to take note of the fact that when that ship was in Canadian northern waters it provoked a reaction

on the part of the Government of Canada which certainly was missing on previous occasions. That led to a statement with respect to sovereignty which expands the sovereignty of the nation, just as we are hoping to expand our view of the sovereignty of cultural industries of the nation as well. I think it is rather unbecoming to belittle that statement because it was important and is, I think, supported by many in this chamber.

Senator Frith: Unbecoming temerity!

Senator Roblin: I will, however, convey to the Prime Minister my honourable friend's perplexity.

Senator Marsden: I am certainly not trying to belittle the statement regarding sovereignty: I am trying to understand what is cultural, what is economic and what is in and what is out. I would be grateful to have a response.

HUMAN RIGHTS

JAPANESE-CANADIANS—GOVERNMENT APOLOGY AND COMPENSATION

Hon. Jerahmiel S. Grafstein: Honourable senators, the Minister of State (Multiculturalism), the Honourable Otto Jelinek, is reported in the press to have had some discussions with members of the Japanese-Canadian community respecting an apology and the question of compensation to be made by the Government of Canada.

It has been some time since the Prime Minister promised that his government would deal with this question. Could the Leader of the Government in the Senate bring us up to date on this? Is there legislation and acknowledgement or some form of compensation being planned that he could tell us about today?

Hon. Duff Roblin (Leader of the Government): Contrary to the position established by its predecessor, the current government has undertaken to express the feelings of the Canadian people toward that unfortunate event, which took place during a period of war, in the form of an apology. That undertaking still stands, and at an appropriate time—when it seems it will be most acceptable to all concerned—action will be taken with respect to that.

We are also going a little further because this government is undertaking to amend the War Measures Act in due course in order to make sure that that kind of thing will not so easily occur in the future. I think that position on the part of the government will receive the support of my honourable friend.

The government does not propose to offer financial compensation to the people concerned, but it is willing to make a financial contribution in another way which will lead to a diminution of the—I almost used the word "prejudices"—misunderstandings which arise between different cultural and language groups of the country.

Senator Grafstein: Could the leader go further and tell us when we might expect to be informed whatever the government intends to do in more precise terms? We have heard these assurances since May 1984, when the then Leader of the Opposition, Mr. Mulroney, promised Japanese-Canadians both an acknowledgement and a form of compensation, yet we have seen nothing. Can the leader tell us when this matter might come before the Senate?

Senator Roblin: The matter is one of priority for the Minister of State (Multiculturalism); he is going to produce a resolution on the matter at the earliest possible date. Beyond that, I cannot say.

CANADA DEVELOPMENT CORPORATION REORGANIZATION BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Barootes, for the second reading of the Bill C-66, intituled: "An Act respecting the reorganization of the Canada Development Corporation".—(*Honourable Senator Sinclair*).

Hon. Ian Sinclair: Honourable senators, I have two matters I should like to bring to the attention of the Senate with regard to this bill. Senator Doody said earlier today that this bill is one of those that the government wants handled in an urgent manner. This bill was introduced in the other place last June, but in the Senate only last week. It seems to me to be rather unusual that a matter that was before the other place in printed form for some five or six months has been before the Senate for only a short period of time.

There is no question that this is an important bill. Senator Kelly described it, I think accurately, as an evolution of a corporation that was set up some years ago. The corporation is a very fine one; it patriated Kidd Creek Mines Ltd. It has taken over and advanced Connaught Laboratories. The reason for bringing it fully into the private domain was described by Senator Kelly as "one of the investments of the government that was no longer necessary for public purposes". Those are not his exact words, but that is the purport of what he said.

It was done in an unusual way. This is a publicly-traded company with a large majority of its shares in the hands of the government. The government has decided to reduce its investment. The normal way of doing that for a publicly-traded company is through a secondary. But in this instance that method was not used. What the government did was advance a rights issue, a two-tiered or two-sliced rights issue.

If I understand the reason for this unusual departure, it was because the government believed that market conditions were such that it should move quickly to take advantage of them. That advice was given to the government by two merchant bankers who, I am sure all business people in the chamber will recognize, are always urging that action be taken "now", rather than "later" with regard to equity issues. It is up to the owner to decide whether he wishes to go forward or not;

obviously the government accepted that advice and did so in this most unusual way.

So unusual was the activity in the stock prior to the fixing of the price of these rights, referred to by Senator Kelly as "a slight premium over market," that in another place outside of this city but in the province of Ontario a regulatory tribunal is looking at the matter. Therefore, I do not think it is open to us to spend time on that issue, interesting though it may be. I do not think it is open to us to discuss that because we do not have the expertise or the people before us to give us all of the evidence that would be required to arrive at a balanced conclusion.

The reason for putting this government controlled company into the hands of the private sector is that it is no longer needed to be controlled in light of the public interest.

The other purpose of the bill is to make sure that there is not going to be concentration. The continuance that was provided for under Bill C-66, which was referred to by Senator Kelly, was modified so that, notwithstanding the provisions of the continuance under the Canada Business Corporations Act, there were restrictions introduced. One of these restrictions is the reason for the question I put to Senator Kelly last week. I know that he referred me to clause 5(a) but I understand that he really meant to refer me to clause 6.

● (1500)

That is a very interesting clause and was referred to by Senator Godfrey. I think that he rightly drew the attention of this chamber to the issue as to whether the avowed purpose of preventing concentration was, in fact, brought about by the terms of this bill.

He made reference to the fact that Fasken & Calvin and Fraser & Beatty, two eminent law firms in Toronto, had come to different conclusions as to the interpretation of that clause. He pointed out that the one who supported the view that it was a clear prohibition really did not address the question.

I picked up from the table the Oxford Illustrated Dictionary, 1962 Edition, Clarendon Press, and with your permission I would like to read the definition of the word "require" from that dictionary. It is a verb and it states:

> Demand of (person) *to* do; demand or ask in words, esp. as of right;—

And this is important—

> —lay down an imperative.

That is the normal use of the word in the context in which it is used in clause 6(h) of Bill C-66. That is important because if it is not so interpreted, then the type of agreement that is referred to there takes on quite a different connotation.

There is the view that the proper interpretation of this bill and its restrictive provisions regarding co-operation to arrive at control or concentration are flawed.

This is not an easy question and requires careful study and the view of people knowledgeable in the way businesses operate. Certainly, I would think that all senators would understand that you could draw an agreement that did not require certain things, but you could have an agreement without that requirement that would, in effect, have the result of concerted action.

The shares already sold by way of rights have a value on that price of $11.50 on the first tranche and $5.75 on the second tranche, which has brought the government $253 million.

Senator Frith: What is the word you used?

Senator Sinclair: Tranche.

Senator Frith: Do you mean "cut"?

Senator Sinclair: Yes. It is not a small figure. Senator Godfrey raised the question as to whether changing this act to make it clearer or to go beyond contravention which bars further concentration in our land, might result in the remission of the right issue.

Again, here there was a conflict of opinion as to whether such was material. I would suggest to honourable senators that that turns on whether there has been an absence from the fundamental principle of the bill in the amendment that is advanced. Does it change in any way, or in any substantive way what the bill intended to do? If the bill intended to vary the provisions of the Canada Business Corporations Act in regard to share transfers, as it did, and it did it for the purpose of preventing concentration, and it went to the extent of listing associates and defining associates in a number of clauses, then I would suggest to you that it does not, by an amendment making it clear, change the substantive provision in such a way as to cause remission or the cancellation of the rights issue.

In a matter so vitally important as concentration, and this being the first of many bills of this government's privatization plans, I think we should be careful to have a clear understanding and a detailed investigation of this important clause.

Honourable senators realize the importance of concentration. For example, in the financial institutions and companies of this country it has moved forward so that it is not only concentrated but it is family concentrated. What this really has done is to bring in and bring forward proprietorship in many of our companies away from professional management and the wide holding and wide ownership of some of our most vital industries.

As I pointed out earlier, CDC is certainly a vital company with the Kidd mine and Connaught Laboratories.

I congratulate the government on having come to the conclusion that the public policy did not require the CDC to be controlled by government any longer, because times have changed. The Kidd mine, for instance, had been patriated. Having congratulated them on that let us all make certain that we congratulate them also on not bringing about concentration.

Hon. William M. Kelly: Honourable senators—

The Hon. the Acting Speaker: Honourable senators, I wish to inform the Senate that if Senator Kelly speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Kelly: Honourable senators, I am surrounded by all the documents and briefing material with which, as you can imagine, I would surround myself when I knew I would have to respond to some comments made by my good friend and occasional adversary, Senator Sinclair. I have listened with great interest to the comments made by Senator Godfrey and Senator Sinclair on the matter of Bill C-66 and the sale of the CDC shares. I would like to try to see if we cannot concentrate on the issues that are central here.

• (1510)

It is not difficult to argue, as businessmen, that the sale of 23 million shares at $11.50 was a good deal for the Government of Canada. The market today is just a little bit above $9. It was clearly a good transaction. Senator Godfrey said that and, I believe, Senator Sinclair, at least on a price basis, agrees—at least, he did not disagree.

Senator Frith: When you say "good"—good for whom?

Senator Kelly: Good for Canada, the Canadian taxpayers and for the owners who made the sale.

Senator MacEachen: Our cultural sovereignty!

Senator Kelly: The shares traded last year from a low in the vicinity of $5 to $11.25 immediately prior to this offering.

Senator Sinclair mentioned at the outset the time difference between when the bill was presented in the other place and when it reached this chamber. I think that is an important point to keep in mind because, during that period, an exhaustive examination was carried on in connection with that bill in a House of Commons committee. If you have confidence, as I have, in the democratic process, we saw the adversary system, I hope, working at its very best before that committee. Those who were in favour of and those who were opposed to the bill researched the material presented to them, I assume carefully, and every possible argument that they could think of is now a matter of record. That is probably what took a lot of time. By the time the bill reached us, that material was available to all of us who had a deep interest so that we could examine the testimony of witnesses and make a judgment on the nature, substantive or otherwise, of what had been said. I think that is an important point to make because of what I want to say a little later.

Senator Sinclair did refer to the dictionary definition of a word in clause 5(6)(h). I think I have it right this time.

Senator Sinclair: It is subclause 6(5), paragraph (h).

Senator Kelly: Both Senator Sinclair and I, and many others in this place, know that court decisions often do not rely solely on dictionary definitions. They have a relationship, but they are not necessarily central.

The major concern, however, expressed in this chamber and also in the other place, I believe, has centred on the definition of "association." The concern is raised that more than 50 per cent opens up the possibility of undue concentration. I must say that I share that view. I am always concerned about that possibility, although I will say that I felt warmly towards Senator Sinclair's reference about the difference between family management and professional management. We are both professional managers and, as such, we tend to love a broad shareholder base, because that means the shareholders cannot bother us and we can run the company as we please.

Senator Sinclair: Not in Canadian Pacific.

Senator Kelly: I think we are moving in a direction, perhaps, of the emergence of a sponsoring shareholding group, which is not a bad idea, to keep professional managers, such as Senator Sinclair and, to a much lesser degree, myself, in line as an additional force in addition to the marketplace.

However, I was reassured, as Senator Godfrey stated he was, at the outset, by my interpretation of clause 5(6)(h). Senator Godfrey indicated that that reassured him until he looked at it again. He produced two opposing positions by two eminent law firms. It is not unusual for eminent law firms to disagree. He produced the position of Fasken & Calvin who say that this clause offers little or no protection in the defence against undue concentration; and Fraser & Beatty who said that it did. We have since received the advice of the Department of Justice, who happened to agree with Fraser & Beatty. Now, we have three opinions: We have the one that there is not enough protection; and we have another law firm, plus the Department of Justice, who says that there is. When we realize how many lawyers there are in this country, I would suggest that we could probably get thousands of opinions.

Senator Doody: We shudder.

Senator Kelly: For the moment, I think we have reason to be reassured.

I have to come back to the basic issue, to me at least, which is that I think we are now facing the possibility of frustrating what I think is a good business deal if we amend this bill in any substantive way and allow the present purchasers of those rights to back out. Certainly, the decision on the extent to which an amendment is substantial would be made in the courts: We know that.

I believe, with the share price being at its present level, there would be every likelihood that a number of buyers might well want to change their minds and argue that any amendment is "substantial." They may not be able to win their case on that issue, but I do believe we have to bear that in mind.

I should like to deal briefly with the matter of referring this bill to committee. Clearly, if that is the wish of this chamber, I would be prepared to do that. I can only say that this will be simply raking over old ground and old arguments.

In the matter of the protection against concentration and the difference of opinion on the questions concerning clause 5(6)(h), I have dealt with the fact that the Department of Justice seems to feel comfortable. I understand Mr. Hampson wishes to present himself and his arguments before a committee if it is referred, but I would point out that his evidence and the evidence of many others is available in the transcript of information, advice and recommendations offered to the committee in the other place. I believe it has probably been read by most of us already.

Do we really want to risk frustrating a good business transaction?

In a more general sense, honourable senators—and I risk a bit in saying this—when we consider the material already available to us, the discussions we have had here and the fact that ritual, perhaps, calls for a matter like this to be referred to a committee, I, for one, would really like to see some willingness in this chamber, on the part of all of us, to move away a little from what seems to me to be a growing habit and the desire to turn this chamber into a mere image of the other place where they ask questions and we ask the same questions; they bring witnesses before their special committees, and we bring the same witnesses before our committees. I do not sense that we pay enough attention to what is said in the other committee to, perhaps, save some time.

Perhaps we should ask a witness who has appeared before a legislative committee, "Do you have something new to offer, because we have the transcript of what you said before?" Or we could say, "We have read the transcript of what you have said before, and we have this one question to ask." I have a feeling that we are repeating ourselves in this process, and I wonder if, in this case, we may, for once, avoid that route since I do not know how productive it is going to be.

Why can't we be content with a thorough debate on this matter on second reading? Surely we have all the necessary information. There is agreement that the sale was a good deal. The outstanding question deals with the adequacy of protection against undue concentration. Again, we have a two-to-one opinion on the strength of clause 5(6)(h).

I have to repeat my remarks regarding an amendment of any significance. Here I should like to refer to the prospectus that accompanied this offering, which states the consequences if the bill is not proclaimed into law in substantially its present form with respect to such permitted level of ownership. I would draw your attention to the word "substantially." It all hangs on whether an amendment is substantial. If we feel we want to take that risk, fine. If we feel there are really matters that we have to address before a committee, and if this is referred to committee, then, obviously, it should go there. But if we are trying to refer it to committee simply to rehash everything that has been said before, then I really think that is not even responsible. Finally, I respect the reference that Senator Sinclair made to the one sensitive area, namely, on the question of the offering and the price at the time of the offering. I do honour him for acknowledging that this is neither the time nor the place to dicuss that. It is being examined.

● (1530)

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Hon. Ian Sinclair: Honourable senators, I recognize what Senator Kelly has said, namely, that the Department of Justice has considered the problem, and presumably it has also considered that this does give protection. If that is so, then, to make it clear, it cannot be a substantial change. All I am suggesting is that we should make clause 5(6)(h) absolutely clear. I believe that a discussion with people from the Department of Justice, with Mr. Hampson from the CDC—that may be enough—we could resolve this issue and make it a better bill without any difficulty arising from changing it substantially. I would suggest that a couple of hours spent in committee might be beneficial.

Hon. William M. Kelly: Honourable senators, I move that the bill be referred to the Standing Senate Committee on National Finance.

Hon. C. William Doody (Deputy Leader of the Government): I wonder if honourable senators will agree that the National Finance Committee is the appropriate committee for this bill. Under the committee's terms of reference, the second reference is to government finance. No doubt that could cover this particular matter, because obviously there is government finance involved. It could also go to the Legal and Constitutional Affairs Committee, which deals with private bills; or perhaps it could go to the Banking, Trade and Commerce Committee which has corporate affairs as one of its terms of reference. At this point I would prefer to see it go to the National Finance Committee. All of the committees I have mentioned have a number of items to deal with, and therefore, if honourable senators agree, the Standing Senate Committee on National Finance is as good a committee as any.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, speaking to the reference, there are two points. The first is the one raised by Senator Doody. I believe there is an overlap and the bill could conveniently go to either one of those committees. Perhaps the Legal and Constitutional Affairs Committee would be the most remote of the three mentioned. I believe it could go quite properly to either the National Finance Committee or the Banking, Trade and Commerce Committee. If, as the Deputy Leader of the Government has said, it is more convenient for the bill to go to the National Finance Committee, then I would accept that.

I should like to comment on Senator Kelly's observations on the use of committees in the Senate when a bill has been studied by a committee of the other place. I believe, on this particular question of reference to committee, we should work on the priciple that all bills should go to committee, and that there should be a strong and persuasive reason for not sending a bill to committee. In other words, the burden should be on the person arguing against its going to committee, rather than on those who think it should go to committee.

While I understand Senator Kelly's concern about what seems to be duplication, repetition of work already done, I believe we should remember that basically the committees of the Senate do a different style of work on legislation—normally, not always; it might not apply in this case—from the type of work done in the House of Commons. While it is true that sometimes there is a certain amount of partisan debate in Senate committees, generally speaking one can say that the

level of partisan debate is noticeably lower in the Senate committees than it is in committees of the other place.

Senator Murray: And the quality is higher.

Senator Frith: The newly-arrived chairman of the Banking, Trade and Commerce Committee adds that comment, and I agree. But it depends on what one means by "quality". The quality of the political work done in committees of the other place is quite high, and that is a necessary part of our system. But we are here essentially to try to improve bills, and to try to take a more careful and do, perhaps, a more scholarly—if I can go that far—study in looking at legislation. I believe that is part of our job. When we do that, there is no doubt that we often cover ground that has already been covered, as Senator Kelly has said; and it is in that context that we should always observe the rule that the burden should always be on the person who does not want a bill to go to committee. In other words, we should always assume that legislation is going to committee unless good reason is shown why it should not.

Senator Kelly adhered to that framework. Although he does not like the framework, he works within it, because he tried to persuade us why the bill should not go to committee. He was quite in order to do that; but I wanted to explain where I thought the burden should be placed with respect to whether or not a bill should go to committee.

Motion agreed to and bill referred to the Standing Senate Committee on National Finance.

CANADA'S INTERNATIONAL RELATIONS

SPECIAL JOINT COMMITTEE—INTERIM REPORT ON BILATERAL TRADE WITH THE UNITED STATES AND CANADA'S PARTICIPATION IN RESEARCH ON STRATEGIC DEFENSE INITIATIVE DEBATED

On the Order:

> Resuming the debate on the consideration of the Interim Report of the Special Joint Committee on Canada's International Relations pertaining to Bilateral Trade with the United States and Canada's Participation in Research on the Strategic Defense Initiative, tabled in the Senate on 17th September, 1985.—(*Honourable Senator Bosa*).

Hon. Peter Bosa: Honourable senators, I welcome the opportunity to take part in this debate and to share with you a few thoughts about the United Nations and the difficulties that the world has experienced in relation to talks on disarmanent.

At the end of the Second World War, the leaders of the world met in San Francisco to lay the foundation of the United Nations. The mandate of the United Nations was to provide the world with an international forum where countries could sort out their differences and resolve their disputes in a peaceful and rational manner, and to promote educational and material help to needy countries.

On the occasion of the fortieth anniversary of this world organization, I believe it is worthwhile to examine the accomplishments of the United Nations and to see whether this institution lived up to the expectations that were created at the time of its founding.

For a start, we have not had a third world war. That, in itself, is quite an achievement. While the United Nations has not been able to prevent many armed conflicts that have taken place in different regions of the world, the United Nations General Assembly and Security Council have contributed to world peace and stability in a significant way.

Affiliated agencies such as UNESCO, the World Health Organization and UNICEF have also contributed to improving the quality of life in providing, as an example, many small villages in the Third World with clean water pumped from their own wells; in eradicating many diseases; decreasing illiteracy and sharing knowledge around the world. These are tangible achievements that have benefited indirectly each one of us individually. They prove that the objectives of the UN are attainable. The weaknesses of the UN lie not in its inability to provide an effective mechanism for resolving disputes between nations, but, rather, in the unwillingness of some of its members to entrust their problems to this world organization. This sentiment was echoed by the Secretary General of the United Nations, Mr. Javier Perez de Cuellar, on his recent visit to Canada. He noted that the UN is like a Stradivarius violin. It may be perfect, but if it is played badly or not played at all, one ought not to blame the violin.

Despite its weaknesses, however, and its many critics, the United Nations enjoys widespread support in different ways from hundreds of millions of individuals around the world, from its member countries and from international organizations like the Inter-Parliamentary Union. At the 70th Inter-Parliamentary Conference held in Seoul, Korea in 1983 the delegates passed a resolution calling for the strengthening of the United Nations and its institutions. Among the many reforms suggested was the enhancement of the capacity of the United Nations institutions to negotiate, inquire, mediate, arbitrate and, ultimately, settle disputes among the member nations. It was felt that the Security Council could be strengthened in order to play a more prominent role in these conflicts and that the International Court of Justice should have more cases referred to it. In general, it was felt that the nations of the world should be using the institutions of the United Nations more frequently to resolve their disputes.

What the United Nations lacks is the political will of its members to make it work more effectively. Having said that, we should also ask ourselves, "Are we expecting too much from this world organization?" Have we come to expect progress in international relations with the same speed that we have been witnessing progress in the technical and scientific field, where technology appears to double every five years? Can human beings and countries as a whole cast aside their past overnight; can they forget the tragic lessons of recent times?

We have approximately 5,000 years of written history. A history that records a myriad of violent conflicts and human suffering caused by racial differences, religious intolerance

and plundering greed. There are a thousand and one examples of broken treaties, broken accords, betrayal of friends and surprise attacks on neighbours. It is this history that has created a deeply ingrained feeling of mistrust. It is this feeling of mistrust that is at the root of our present international tension. It has been estimated that the world spends $800 billion a year on armaments. Some countries acquire new offensive weapons to deter aggression while others are developing defensive systems, like the United States SDI system, better known as Star Wars, which is designed to destroy missiles in space before they reach their targets. Real progress in disarmament cannot be made so long as mistrust persists. The East and the West are divided by two diametrically opposed political ideologies. They are both competing in each other's camps. No side is prepared to accept the *status quo.* Over the centuries borders have changed hands many times and they continue to change hands to this day.

Can these major differences and stumbling blocks be set aside in order to pave the way for talks toward meaningful disarmament? The prior question which must be addressed is that of trust, without which any agreement will be hollow and ephemeral. Trust does not just happen, but it can be built up through painstaking consultation and willingness to put common understanding for mutual benefit ahead of seeking unilateral advantage.

This elemental psychology behind disarmament is particularly relevant to the nuclear age. Traditionally, war strategies have been based on relatively simple win-lose propositions. Successful aggression or resistance to aggression is dependent on military might or the ability to mobilize patriotic sentiments. With the advent of nuclear weapons of mass distruction, actual large-scale war has become unthinkable. At the same time, in thinking about such a war, strategic analysis has become increasingly intellectualized and computerized. A hypothetical game of nuclear roulette has replaced brute force and grand emotions. As Anatol Rapoport, Professor of Peace Studies at the University of Toronto, remarked in a recent radio interview, "Nuclear war could be started by a young lady at the console." According to Professor Rapoport, the nuclear arms control dilemma can be compared to the classic game theory situation known as the "prisoner's dilemma." Suppose there are two sides, A and B. Each can make either a yes or a no move, but does so in ignorance of the other's move. If both A and B say yes, each wins an equal small amount. If both say no, each loses the same small amount—again a tie, but with a negative payoff. If one says yes and the other says no, the one who says yes loses a large amount and the one who says no gains by an equivalent amount. Obviously, it is in the individual interest of each side to avoid saying yes when the other side says no. However, if both sides could get together beforehand and agree on a common course, they would both win. Collaboration of this sort, of course, would require trust.

Now, suppose we apply this logic to the two sides of an arms race. Each side acknowledges that continued military competition is a costly drain on their economies and threatens each other's security. It is, therefore, in their common interest to say yes to stopping the arms race.

Returning to East-West relations, can we expect the two superpowers to abandon the quest for strategic superiority and to settle instead for co-operation which we know to be in the interest of the entire world? One should not be too sanguine, but there are at least some grounds for optimism. Some of the statements that have been made prior to November 19, the day on which Reagan and Gorbachev met in Geneva, are encouraging. In early June President Reagan declared that the U.S. would continue to abide by the never-ratified and soon-to-expire Salt II Treaty, "as long as the Soviet Union exercises equal restraint." Another positive sign has been recent Soviet moves to suspend nuclear tests and to permit on-site inspection for the first time of its nuclear reactors.

The new Gorbachev regime has indicated very strongly that it wants a return to detente. Just before the tenth anniversary of the Helsinki Accords, the Soviet Union announced a five-month ban on nuclear weapons tests to begin August 6, the 40th anniversary of Hiroshima. The moratorium would continue beyond that initial period if the United States were to reciprocate. This move followed closely an announcement in Washington that President Reagan had invited Soviet observers to witness a U.S. underground nuclear test as a gesture to inspire an increase in trust between the superpowers. Since that time the Soviet Union has called for an international conference to prevent the militarization of space and has invited the United States to resume the negotiations between the U.S.S.R., United States and Great Britain on a comprehensive test ban, which were suspended following the invasion of Afghanistan.

A long-standing, sticky point in any test ban has been the issue of verification. Canada has worked hard on conditions for a ban using primarily national technical means of verification. In mid-August, Soviet officials confirmed that inspectors from the Vienna-based International Atomic Energy Agency would visit Soviet civilian nuclear reactors in the next six weeks.

This marks the first time that the Soviet Union has opened any nuclear site to international inspection. It was a positive prelude to the review conference on the non-proliferation treaty which had just begun in Geneva. An historic meeting has taken place in Geneva between the leaders of the two superpowers, Reagan and Gorbachev. The joint statement that was released at the end of the summit did not contain any dramatic announcement of a breakthrough in arms reduction, but it did contain some new initiatives which will hopefully lead to confidence-building measures and thus increase trust in each other's motives, paving the way for more progress at the next round of negotiations. If either side should cheat, we would be back at square one and mistrust would prevail over confidence-building measures. We must not let this happen. It would reverse the process of detente and set off an arms race all over again.

It is still too early to tell whether any of these modest overtures will ultimately bear fruit in a new arms control agreement. The door to trust, co-operation and reciprocity has

been opened slightly. The nuclear dilemma cannot be wished away; any opportunity for mutual progress must be seized, otherwise we will all remain prisoners of the arms race, with each side vainly trying to beat the odds as the world falls evermore under the shadow of the mushroom cloud. We must all return to the spirit of 40 years ago and the ideals which led to the founding of the United Nations.

The Hon. the Speaker: Honourable senators, if no other senator wishes to speak, this order is considered debated.

[*Translation*]

THE HONOURABLE RICHARD B. HATFIELD

FIFTEENTH ANNIVERSARY OF BECOMING PREMIER OF NEW BRUNSWICK—DEBATE ADJOURNED

Hon. Jean-Maurice Simard rose pursuant to notice of Wednesday, November 6, 1985:

> That he will call the attention of the Senate to the Honourable Richard B. Hatfield's Fifteenth Anniversary as Premier of New Brunswick.

He said: Honourable senators, further to my notice of inquiry to call the attention of the Senate to the Honourable Richard B. Hatfield's Fifteenth Anniversary as Premier of New Brunswick, it is with great pleasure and considerable emotion that I rise today in this august assembly, for the first time since my appointment to the Senate.

Ever since I was called to the Senate on June 26 of this year, I have tried to concentrate on learning the customs and rules connected with this function. Today I feel ready, with perhaps a touch of overconfidence, to deliver my maiden speech.

It is almost as though history had a hand in this, because exactly fifteen years ago, I started my career in the New Brunswick Legislative Assembly.

It is true that history often repeats itself, and in that case I can look forward to remaining in your company for another fifteen years at least. I hope you find the prospect as attractive as I do.

As stated in my notice of inquiry and because I wanted to combine business with pleasure, as it were, I would like to take advantage of my first speech in this chamber to pay tribute to Premier Richard Hatfield who, on November 12 of this year, celebrated his fifteenth anniversary as leader of the Government of New Brunswick, ever since the Progressive Conservative Party won a majority in the election held on October 26, 1970.

He not only holds the record for the longest term for a premier in the history of my province, he is also the dean of Canada's first ministers today.

For fifteen years, Premier Hatfield has made a dynamic and creative contribution to Canadian politics.

His energetic participation in the debate on patriation of the Constitution has, I feel, given him a special place in the history of our country.

[*English*]

One of the most dramatic and emotional events in Canada's history occurred only three and a half years ago when the country's Constitution was patriated; fully 115 years after the country actually began; and the people of Canada thus came to assume sole responsibility for their political institutions and their destiny.

History will record that this was possible in no small degree because of the leadership and indomitable will of Richard Hatfield who, as Premier of New Brunswick, placed the issue of the Constitution above party and other political considerations and made it a personal priority, at no inconsiderable risk to his own political future.

Senators will recall the explosive—and at times, almost hysterical—atmosphere of the time, as governments and people in Canada disassembled in a manner hitherto unknown, at least in periods of civil stability and peace.

Throughout it all, however, the Premier of New Brunswick unerringly pursued four main constitutional objectives, all of which he was eventually to see firmly enshrined in this fundamental document which became our Constitution on April 17, 1982.

For the benefit of the honourable members of this house, I would like to speak briefly to each of them, for they give the measure of the man's deep understanding of Canada and his acute sense of the real duty of an elected leader.

The first objective was patriation; that is, to finally give all Canadians the opportunity to take ultimate responsibility for their own country, so that the nation's political structures and destiny would be shaped as they should be: By Canadians, for Canadians and in Canada.

His second objective was to secure the right of every Canadian man, woman and child, from discrimination and arbitrary action of any kind by urging that the Constitution include, for the first time, a Charter of Rights spelling out fundamental democratic and legal rights for all Canadians. In a country like Canada, with two orders of government, each possessing significant constitutional powers, the right of citizens to fair, decent and non-discriminatory treatment is a matter which required special attention, as our history often lamentably illustrated. The Charter of Rights helps secure that.

The equality of the French and English languages in New Brunswick was a further constitutional objective of far-reaching political, as well as personal, significance to Richard Hatfield. Perhaps more than any other premier in the history of my province, Richard Hatfield has worked tirelessly and effectively to advance the cause of language equality in New Brunswick; and he has taken his campaign for equality to every part of this country where he saw the rights of the English or French minority endangered.

New Brunswick is the only province in Canada with two official languages, something I am personally very proud of and which also owes much to another honourable member of this house, Senator Robichaud who, as Premier of my prov-

ince, first put the concept into law in the late 1960s. It was Richard Hatfield who put it into the Constitution in 1982.

The rights of all the people of Canada, no matter where they live, to make a livelihood, to educate their children and to live a full and prosperous life, were also very much part of Richard Hatfield's hopes as he worked for constitutional reform and patriation throughout the 1970s and into the early 1980s.

• (1600)

Equalization, which is one of the unique contributions which Canada has made to the administration of federal states, was considered by Premier Hatfield to be a basic component of any patriated constitution for this country; and in that he was also successful.

It is now not only a matter of parliamentary practice, but of constitutional edict that Parliament, and the legislatures of Canada, are committed to, and I quote:

> "The principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation."

This is an achievement of inestimable importance for the people of Canada in general and for the people of New Brunswick in particular.

But this is only part of it. A constitutional commitment to reduce economic disparities is the other. For, in the long run, the Canadian people will only achieve full prosperity when everyone has the opportunity to contribute to it. Parliament and the provincial legislatures are therefore committed to, and I quote once more words of the Constitution which Premier Hatfield helped write:

> "Promoting equal opportunities for the well-being of Canadians; furthering economic development to reduce disparities in opportunities".

Over all, the premier has worked diligently for regional development in his province, and with success, as I am sure other honourable members of this house will attest. For it was during many of those years that Senator Romeo LeBlanc, who was New Brunswick's federal cabinet minister, worked with the premier to the same end, as did another honourable member of this house, Senator De Bané, who served for a time as the DREE minister.

The job, however, is not over; for although we now have a constitutional basis for what should be done, translating it into reality will continue to occupy such leaders as Premier Hatfield and the present government.

Honourable senators of this house will be aware of the need for vigilance to ensure that the commitment to regional development, which is explicit in the Constitution Act, 1982, is observed in practice as well as in principle.

[*Translation*]

As for me, Mr. Speaker, whatever the political stripe of the federal and provincial governments of my province, whenever the main interest of New Brunswick and Canada will be at stake, I have the firm intention of taking a non-partisan approach like Richard Hatfield and encourage those governments to remain faithful to the spirit of the Constitution, or strongly denounce them should the need arise.

But Richard Hatfield has done a lot more than taking part in the repatriation of our Constitution.

He also took decisive action at home by undertaking a basic review of our provincial legislation on the official languages. He was one of the artisans of the adoption of our statute acknowledging the equality of New Brunswick's two official linguistic communities.

He is an authentic Canadian who has understood the meaning and nature of relations between francophones and anglophones in Canada and, in his province, he did not spare any effort so that the francophone community of New Brunswick might be a real partner in the political life of the province, thus correcting some of the major injustices which mar the sad history of Acadia.

But we are indeed indebted to our anglophone Prime Minister who, with great generosity and great respect, acknowledged the reality of the French fact, the legitimacy of the aspirations of Acadian men and women, and the need to give the francophone community of New Brunswick the basic development tools to ensure, no longer its survival, but its growth, its expansion and a certain autonomy.

On several occasions he stated that the stronger the Acadian community, the stronger the province of New Brunswick. By the same token, I suggest he contributed to consolidate the foundation of the Canadian federation. Together with my colleague and very good friend Senator Brenda Robertson, I had the great honour to associate myself with Premier Hatfield in the great debates and achievements which have characterized the development of what we call back home the linguistic vital space which respects the basic dignity of men and women in New Brunswick.

History will say that over the past 15 years, Acadian men and women have had their national holiday of August 15 and the Acadian flag officially recognized by the Government.

Mr. Speaker, given the importance of such symbols in the history of civilization, we realize that these actions themselves bear witness to an uncommon open-mindedness and generous feelings.

For Richard Hatfield was not satisfied with symbols.

He has put an end to the tiresome and painful struggles of many generations of Acadian men and women to obtain French schools and the administrative control over the educational system for their children. In the areas where the minority situation of francophones might have resulted in their assimilation, he has established a number of French community centres which have become sources of Acadian influence, which reinforce the social fabric of New Brunswick, accelerate the evolution of mentalities and ensure a social stability conducive to a better economic climate.

More recently, he has taken steps to create an independent trust fund to finance an Acadian daily to serve New Brunswick generally, which could become a true means of expression of

the pluralistic aspiration and vision of the francophone community and a true forum of animation and awareness.

I dare hope that the federal government will soon co-operate with the provincial government and help make this project come true, which would no doubt help as much Acadian men and women in the areas of information and communication as the creation of the Moncton University did for education.

Dear colleagues, all these political steps are in line with the historical efforts made in 1960 by our illustrious colleague Senator Louis Robichaud whose program of equal opportunity has been a source of tremendous hopes for the future.

When in 1970 he turned over the reins of power to Premier Hatfield, Senator Robichaud could have said: "If I had to be defeated, I am lucky it was by a man like you who, I am sure, will continue in the same direction."

Dear friends and colleagues, New Brunswick has been involved over the past 25 years in a major debate dealing with the harmonization of cultural ties between the two official linguistic communities. We could call it the New Brunswick "Quiet Revolution".

It is true that this political process sometimes causes a stir and some resistance in certain peripheral French-speaking communities in the process of being assimilated, which has been happening in recent years as well as in English-speaking communities, whose spokespersons do not hesitate to make reactionary comments which can be surprisingly aggressive, inaccurate and intolerant.

Their historic shortsightedness leads them to speak the worst nonsense, in defiance of any logic.

Some of them seem to believe that thickheadedness is a sign of intellectual depth.

In such a context, it is not surprising that some people would attack the leadership of Premier Hatfield because he is guilty in their eyes of having done too much for Acadia, as though allowing Acadians to have access to real political power necessarily meant less power for the English-speaking community.

Indeed, Mr. Speaker, this is what is truly at stake in this process.

However, the French-speaking citizens are not taken in, as indicated by the massive support they give Premier Hatfield.

The specious arguments raised by some bigoted people to justify their petty criticisms of the leadership of one of the greatest politicians in the history of New Brunswick do not stand under scrutiny. In fact, these are only diversionary tactics which they believe to be clever enough that they will eventually allow them to begin eroding the status quo, and even worse, to initiate a return to the past. French-speaking citizens would never accept this and it would have totally disastrous political effects for the social peace of New Brunswick.

When you know about the determination and perseverance which have always been the hallmark of the fight by the French-speaking people to have their rights recognized at times when their community had barely enough to survive, it is easy to imagine what would happen today when the Acadian community has the means to defend itself.

In the minds of the great majority of French-speaking and of tens of thousands of English-speaking citizens, it is absolutely clear that those who want to bring about the fall of Richard Hatfield are basically trying to undermine the Acadian community, whatever their rhetoric.

Richard Hatfield will defeat these chance opponents because he has been able to go beyond political and ethnic differences to find consensus where no one thought it existed.

He has been able to rally around him English- and French-speaking youth among others in an uninterrupted search for political truth.

He was the first man since Confederation to make the New Brunswick Conservative Party accessible to French-speaking citizens, and more than any other political personality, he was able to ensure the progress of our own party, of course, but even more important, of our community and our province.

More than anyone else, Richard Hatfield has a claim on our loyalty, and I am sure that the people in my former riding and throughout the province will want to show their gratitude and loyalty to a man whose generosity is legendary.

Honourable senators, it is with the same spirit of loyalty that I now embark on the second stage of my political career.

Thanks to the loyalty of my constituents, we worked together for fifteen years to make Edmundston a better place to live, more outward-looking and better equipped to take charge of its own affairs, more confident in its ability to flourish and expand, and also more positive with respect to its economy and more determined than ever to play a dynamic role in New Brunswick politics.

That was in fact the program I put before my constituents when I entered provincial politics in 1970, because it was my dream to give Edmundston a firm say in the government's decision-making process.

Honourable senators, that dream was probably inspired over the years by the example I was given by two of our illustrious predecessors in the house, the Honourable Jean-François Pouliot, Liberal, and the Honourable Edgar Fournier, Progressive Conservative.

It was Senator Pouliot, who, when I was a high school student, exactly 40 years ago, gave me a tour of the other place and a taste for politics. And more important, throughout his career in both Houses of Parliament, he proved that for a politican, whether elected or not elected, determination and loyalty to his constituents rather than to his party is still the best policy and generally the most successful one.

Jean-François Pouliot, a former federal member for the region of Rivière-du-Loup, where I was born, was a respected and popular M.P. Today, his name still conjures up memories of those happy years among the people he served so well. I therefore wanted to pay tribute to the senator at the first opportunity available to me.

As for Senator Edgar Fournier, whom most of you were able to know and appreciate since he did not leave the Senate until February 1983, I would say that he was the dominant political figure in northwestern New Brunswick during the last 30 years.

As a provincial minister, a federal M.P. and a senator, the man I have been known to refer to as my political "father-confessor" always remained true to himself. He never retreated from battles either within or outside his party when the interests of his part of the country were at stake.

Honourable senators, I am sure that when I visit Senator Fournier this week-end, I will be bringing him your best wishes for a long and healthy life and your expressions of appreciation and friendship.

Hon. Senators: Hear, hear!

Senator Simard: On behalf of all New Brunswick citizens I say to Senator Edgar Fournier, "Thank you for your outstanding and deeply human work throughout a brilliant career."

In conclusion, dear colleagues and friends, I intend to live up to the confidence shown in me by the Prime Minister, the Right Honourable Brian Mulroney, when in June last he asked me to sit in this house.

I have the firm intention of continuing my political action by remaining faithful to the political approach of my former leader, the Honourable Richard Hatfield, by remaining faithful to the citizens of Edmundston and New Brunswick, to the new vision I have of our province since 1970. It is a province inhabited by two communities each with its own institutions, enabling each of them to develop at its own pace, to the benefit of a province which is now stronger, more united, and which contributes even more to Canada in many ways.

To all my new colleagues I extend my sincere thanks for the warm welcome you gave me.

I hope you will continue to help me benefit from the experience you have acquired throughout your impressive political and professional careers.

In return, I can assure you of my fullest co-operation, as non-partisan as possible, in keeping with the main objective of the Senate which is to approve legislation, programs and budgets in the interest of all Canadians.

Hon. Eymard G. Corbin: Honourable senators, I have no idea whether the speech of the previous speaker was the epitaph of the Hatfield government in New Brunswick, or the beginning of the by-election campaign for the seat left vacant by my colleague, the Honourable Maurice Simard, in his former provincial riding of Edmundston. In any event, I intend to make a few comments on this issue. Since I have to attend the proceedings of the special committee on youth, I move that the debate be adjourned.

[Senator Simard]

On motion of Senator Corbin, debate adjourned.

• (1610)

[*English*]

REGISTER OF SENATORS' INTERESTS

MOTION FOR CONSIDERATION BY STANDING RULES AND ORDERS COMMITTEE OF RELATED MATTERS—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government), pursuant to notice of Tuesday, December 3, 1985, moved:

> That the Standing Committee on Standing Rules and Orders consider matters related to the establishment of a Register of Senator's Interests, and report on these and any other matters relating to registration of Senators' interests, including the form and content of such a Register, considering among other matters relating to the registration of Senators' interests, the following:
>
> (a) remunerated directorships of companies, public or private;
>
> (b) other remunerated positions or offices;
>
> (c) remunerated trades, professions or vocations;
>
> (d) the names of clients when the interests referred to above include personal services by the Senator which arise out of or are related in any manner to his or her membership in the Senate;
>
> (e) any payments or any material benefits or advantages received from or on behalf of foreign Governments, organizations or persons;
>
> (f) land and property of substantial value from which a substantial income is derived; and
>
> (g) the names of companies or other bodies in which the Senator has, to his or her knowledge, either himself or herself or with or on behalf of his or her spouse or dependents, any beneficial interest including, among others, shareholdings of a nominal value greater than one-hundredth of the total capital assets of the company or other body.

He said: Honourable senators, I would have moved this motion yesterday but I detected a rather keen lack of interest in hearing further words of wisdom at the hour of 2 a.m., which is the reason for moving the motion this afternoon. There was the possibility that some honourable senators might like to speak to this motion before it is referred to committee.

The Hon. the Speaker: It is moved by the Honourable Senator Doody, seconded by the Honourable Senator Phillips, that the Standing Committee on Standing Rules and Orders consider—

Hon. Senators: Dispense.

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

Hon. Royce Frith (Deputy Leader of the Opposition): I know of no reason why we should not just adopt the motion. Perhaps we should adjourn the matter until Tuesday in case

some senator wishes to speak to the principle of the motion itself. Certainly, as far as I know, we support the motion.

Honourable senators, I move the adjournment in my name so that any other honourable senator who wishes to do so will have an opportunity to speak to this motion.

Senator Doody: I thank Senator Frith for that since it means I will not have to tackle that tongue-twister again on Tuesday.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, December 10, 1985, at 2 p.m.

THE SENATE

Tuesday, December 10, 1985

(First Distinct Sitting)

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

Prayers.

RAOUL WALLENBERG

PROPOSED CONFERRING OF HONORARY CANADIAN CITIZENSHIP—MESSAGE FROM COMMONS

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

HOUSE OF COMMONS
CANADA
Monday, December 9, 1985

RESOLVED,—That:

Whereas during World War II millions of Jews were exterminated in death camps at the hands of the Nazis in then occupied Europe;

And whereas hundreds of thousands of Hungarian Jews were facing extermination in 1944 through deportation to Germany under the orders of Adolf Eichmann;

And whereas Raoul Wallenberg as Secretary of the Swedish Legation went to Hungary in the summer of 1944;

And whereas Raoul Wallenberg, with extraordinary courage and with total disregard for the constant danger to himself, saved the lives of almost one hundred thousand innocent Jewish men, women and children, a considerable number of whom now live in Canada;

And whereas the Soviet Union, in violation of Raoul Wallenberg's Swedish diplomatic immunity and of international law, seized him on January 17, 1945, with no explanation ever given for his detention and subsequent imprisonment;

And whereas Raoul Wallenberg has been a prisoner in the Soviet Union since 1945;

And whereas reports from former prisoners in the Soviet Union, as recently as January, 1981, suggest that Raoul Wallenberg is still alive and remains a prisoner;

And whereas history has revealed that heroic acts of salvation were tragically rare during the massacre of millions of innocent human beings during World War II;

And whereas the significance of this symbol of humanity's concern for its fellows has been reduced by the wall of silence that surrounds the fate of Raoul Wallenberg;

Now therefore the House of Commons resolve that the said Raoul Wallenberg is hereby declared to be an honorary citizen of Canada;

And that a message be sent to the Senate requesting that House to unite with this House in the said Resolution by filling in the blank with the words, "Senate and the".

ATTEST

Michael B. Kirby
for The Clerk of the House of Commons

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

Hon. Nathan Nurgitz: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(i), I move, seconded by the Honourable Senator Marsden:

That the Senate do agree with the House of Commons in the said Resolution by filling in the blank space left therein with the words "Senate and the"; and

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

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

Some Hon. Senators: Agreed.

Hon. Heath Macquarrie: Honourable senators, I should like to crave the indulgence of honourable senators to indicate my serious reservation about granting leave on this matter. I think it should be pointed out that if this became the will of the Senate it would be the first time in the history of this country that an honorary Canadian citizen had been created. While I have not the slightest hesitation in stating that Mr. Wallenberg is one of the great men of our time, I think it is perhaps ill-becoming for the Senate to take on a matter of this importance, this precedent-making importance, and to proceed in a matter of minutes to add to a resolution the three words that are requested.

I think that great occasions require great consideration. Senator McIlraith used to say, "Let us do these things decently and in good order". I think that Mr. Wallenberg deserves a greater tribute than the possible seemingly perfunctory addition of the Senate's approval to a resolution of the other place.

I have not had time to study the resolution, but there are some things there that pain me. I am not at all happy about the suggestion that "heroic acts of salvation were tragically

rare during the massacre of millions of innocent human beings during World War II". I cannot forbear casting a thought to our thousands of young men and women who were there, some of whom did not return. I think we should proceed with this motion in the usual way so that the Senate may have an opportunity to reflect upon the importance of this event. Then, I hope the resolution will be passed. Certainly, I shall be supporting it.

The Hon. the Speaker: I understand that unanimous leave is not granted.

Senator Nurgitz: Therefore, honourable senators, I move that the message be taken into consideration at the next sitting of the Senate.

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

Hon. Royce Frith (Deputy Leader of the Opposition): That will require leave. Certainly, I am prepared to grant leave for one day, as long as we know what we are doing. It is a substantive motion and would, therefore, require two days' notice.

The Hon. the Speaker: Honourable senators, rule 45(1)(h) states that one day's notice shall be given for the making of a substantive motion.

Senator Frith: Then the granting of leave is not necessary.

Motion agreed to.

CUSTOMS BILL

REPORT OF COMMITTEE PRESENTED

Hon. Lowell Murray, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday,December 10, 1985

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

NINTH REPORT

Your Committee, to which was referred the Bill C-59, intituled: "An act respecting Customs", has, in obedience to the Order of Reference of Wednesday, December 4, 1985, examined the said Bill and has agreed to report the same with the following amendments:

1. *Page 41, clause 64:* In the French version, strike out line 22 and substitute the following:

   "a) dans les deux ans suivant le classement ou"

2. *Page 41, clause 64:* In the French version, strike out line 25 and substitute the following:

   "b) à tout moment après le réexamen"

3. *Page 86, clause 160:* Strike out line 15 and substitute the following:

   "*103(3)* or 107(1) or section 153, 155 or 156"

Respectfully submitted,

LOWELL MURRAY
Chairman

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

On motion of Senator Murray, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

QUESTION PERIOD

[*English*]

NATIONAL PAROLE BOARD

ADMINISTRATION OF PAROLE PROVISIONS—GOVERNMENT POLICY

Hon. Earl A. Hastings: Honourable senators, I have a question for the Leader of the Government in the Senate which pertains to some observations made over the weekend by Mr. Norman Fagnou, a regional executive officer of parole in the Prairie regions. In discussing Bills C-67 and C-68, which will be coming to this chamber shortly from the House of Commons, Mr. Fagnou observed:

> We can tinker with the details later, even shift the responsibility of gating to some other body if it is seen as necessary.

I wonder if the Leader of the Government in the Senate could assure me that Mr. Fagnou was indeed stating government policy in those remarks.

Hon. Duff Roblin (Leader of the Government): To the best of my knowledge, the gentleman was speaking for himself. However, I think the best course would be to have the matter considered in committee when the bill is under study.

Senator Hastings: I have a supplementary question. I would like to clarify whether it is the government's policy to "tinker later" since that would have a very great bearing on the discussion of the bills in committee. We have the evidence from the Chairman of the National Parole Board that it is simply a band-aid measure which offers no long-term public protection. That, in effect, makes the bill simply "tinkering" now. If we are going to "tinker" now and "tinker" later, why not send the bills back to those expert "tinkerers" in the Solicitor General's department and ask them to bring forward a proper bill?

Senator Roblin: I do not think that I would like to take responsibility for the use of the word "tinker" that my honourable friend refers to. He obviously has some strong feelings about these bills, but I think the place to ventilate them is in the committee.

Senator Hastings: I have a further supplementary. Would the government leader, then, ask Mr. Fagnou to dedicate his efforts to the administration of parole, and leave the legislation to legislators?

Senator Roblin: If the government were to rebuke every public servant who made a comment on legislation or other government activities, we would be pretty busy people.

AGRICULTURE

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ASSISTANCE

Hon. H. A. Olson: Honourable senators, on several occasions in the last few days I have asked the government house leader if he could give us some indication of when or on what basis payment in the amount of some $150 million, announced several days ago, will be made to farmers under the Drought Relief Program. The reason I am asking this question again today is that in the absence of any explanation of what the formula will be for calculating the payment, there are, of course, thousands of farmers who do not know whether or not they will qualify. So far as I can determine, no geographical area has been described, nor have any of the other requirements of that formula been made public. Therefore I would implore the Leader of the Government to attempt to obtain some information so that farmers will know when they can expect a payment and also so that some indication can be given to the farmers as to whether or not they will ever qualify. At the moment, that is unclear.

Hon. Duff Roblin (Leader of the Government): It is true that some 30,000 farmers will qualify, according to the preliminary statements made by the government. I am extremely sympathetic with my honourable friend's position and I will press the matter as vigorously as I can.

Senator Olson: Honourable senators, that is a reasonably satisfactory answer but it is still fairly vague. Could we have at least an explanation by the ministers involved as to when they expect to be able to make such an announcement, if they are not ready to do so within a day or two?

Senator Roblin: My honourable friend has described my answer as reasonably satisfactory. I am not going to press my luck any further.

EXTERNAL AFFAIRS

APPOINTMENT OF MR. VICTOR CLARKE AS SPECIAL ADVISER TO CANADIAN HIGH COMMISSION IN LONDON

Hon. Ian Sinclair: Honourable senators, my question is directed to the Leader of the Government in the Senate with respect to the communiqué on December 9, 1985, from the Department of External Affairs announcing the appointment of Mr. Victor Clarke as Special Adviser on Investment to the Canadian High Commission in London. Part of the press release states:

● (1410)

> Mr. Clarke will work closely with potential U.K. investors to assist them in evaluating specific investment opportunities in Canada.

[Senator Hastings.]

My question is: Why is this necessary when all the major Canadian banks have large staffs in London, and where merchant bankers, such as Wood Gundy, Dominion Securities, McLeod Young Weir and others also have specialists in mergers and acquisitions available, and when the entire work done by the banks across Canada is available? Why is it necessary to go to the expense of having another bureaucrat situated in London?

Hon. Duff Roblin (Leader of the Government): I would normally be rather sympathetic to my honourable friend's suggestion, but the reason we have another bureaucrat in London is that there is perceived to be a gap in the information that is available to those who might seek to invest in Canada.

I will take the question as notice and obtain a definitive statement from the department.

Hon. Allan J. MacEachen (Leader of the Opposition): I have a supplementary question for the Leader of the Government in the Senate. I notice that in that press release it says that Mr. Clarke is to join the Canadian High Commission in London, which is fine, but the appointment has been announced by Mr. Kelleher, the Minister for International Trade. I had assumed that the Secretary of State for External Affairs was in charge of the Department of External Affairs, including the Canadian High Commission in London. I was surprised that the authority normally existing in the office of the Secretary of State for External Affairs was being exercised by another minister, a minister who does not have the authority to make an appointment such as has been announced. I wonder if the appointment was made by the Governor in Council and why the announcement was not made by the Secretary of State for External Affairs.

Senator Roblin: My honourable friend will know that there are three ministers engaged in the Department of External Affairs. The Secretary of State for External Affairs, of course, is the senior minister, and the other two ministers report to him. So, I do not find it strange that one of those two ministers would be given the job of making this announcement, particularly when it is in the field of his own special responsibility in connection with the department.

Senator MacEachen: The Leader of the Government in the Senate misunderstands the situation. The Secretary of State for External Affairs is in charge of all aspects of the department, including trade. Any authority which Mr. Kelleher exercises is delegated authority.

We have seen many occasions since this government took office when Mr. Clark has, somehow, been undermined and downgraded in his post. Why is it that an appointment to the Canadian High Commission in London—which is normally announced by the Secretary of State for External Affairs—is now announced by the Minister for International Trade, as if he had any authority to issue instructions to the Canadian High Commission on any point?

I find this confusing, and I think it would be helpful if the Leader of the Government in the Senate tried to clarify the situation for us.

Senator Roblin: The Secretary of State for External Affairs hardly needs me to say that, in the opinion of the government, he is doing a first-class job, and any suggestion by my honourable friend that he is not will certainly not get my support.

Senator Olson: He did not make that suggestion!

Senator Roblin: I think that the Secretary of State for External Affairs is doing a good job, and I do not think there is any disposition on the part of anybody, from the Prime Minister down, to deny that fact or in any way to take away from it.

I have no direct knowledge of this matter, but it seems to me to be perfectly reasonable that the Secretary of State for External Affairs asked one of his colleagues to make this announcement. I do not think that that, in any way, derogates from his position.

Senator MacEachen: I made no comment whatsoever on Mr. Clark's performance. I have views on that, but I have not made any comment, and I do not see why it was necessary for the Leader of the Government in the Senate to come to Mr. Clark's defence when he was not attacked.

The Leader of the Government in the Senate has said that Mr. Clark asked Mr. Kelleher to make the announcement. Normally in that case the announcement would say, "Mr. Kelleher, on behalf of the Secretary of State for External Affairs, makes the following announcement." Would he now tell me whether, in fact, Mr. Clark asked Mr. Kelleher to make the announcement and, if so, why did he not make it himself and retain the symbolism, at least, of his authority, if not the reality? We know the reality, if the honourable minister wants to dwell on that terrain, has been eroded but why has the symbolism now been eroded?

Senator Roblin: If my honourable friend takes the trouble to read *Hansard* tomorrow he may find it conceivable that something he said does not reflect favourably on the Secretary of State for External Affairs. I feel that that gentleman needs absolutely no defence from me, but I am quite willing to state my confidence in him. If my friend wants to know what bureaucratic procedure took place in respect to this matter, I will be glad to oblige him.

Senator MacEachen: It is not a bureaucratic procedure but a ministerial one, and it is not a bureaucrat, unless the honourable Leader of the Government describes Mr. Kelleher, who made the announcement, as a bureaucrat. It is a minister who is not in charge of the Department of External Affairs. I want to know why the minister is not seen by the public and seen internationally as being in charge of the department. If the Leader of the Government wants to get testy over this I can give him a few examples in which Mr. Clark was indeed undermined internationally by his colleagues, including the Prime Minister.

Senator Roblin: I promise to get no more testy than my honourable friend gets on the matter.

Senator MacEachen: Fair enough.

Senator Doody: These are testy times.

Senator Roblin: I will report to the Secretary of State my honourable friend's extreme interest in this matter and endeavour to find an answer which might, perhaps, placate him.

AGRICULTURE

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ASSISTANCE

Hon. Joyce Fairbairn: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate concerning drought payments. There was some confusion when the announcement was made as to when the initial payment of $95 million would begin. The Minister of Agriculture indicated it would be before Christmas; departmental officials said that it may be next March or April; and the Minister of State for the Canadian Wheat Board said it might be tough to begin making these payments before Christmas. Could the Leader of the Government clear up that confusion and tell us if it will be possible to get that money into the hands of farmers prior to the Christmas recess?

Hon. Duff Roblin (Leader of the Government): Honourable senators, a question in precisely those terms was addressed to me a few days ago and I have already answered it.

Hon. H. A. Olson: Honourable senators, if the question has been answered, I would like to know when. I remember asking the question but I do not remember getting an answer. The Leader of the Government said that he would try to get an answer, and I know that that is the best he could do. If he has answered it, I would like to know when.

Senator Roblin: I do not think my honourable friend has been following this interchange quite as closely as he should. The question the honourable senator asked me had to do with payments before Christmas or after Christmas. That question I have already dealt with. The question my honourable friend is raising is as to what the rules of the game are, and the answer to that question I still have to provide.

SEXUAL ABUSE OF CHILDREN

BADGLEY COMMITTEE REPORT—GOVERNMENT ACTION

Hon. Lorna Marsden: Honourable senators, it is now 16 months since the Badgley committee report on child sexual abuse was given to the Government of Canada. We have yet to receive a response of any significant nature from this government. Could the Leader of the Government in the Senate tell us why there has been no response and no legislation so far, and when we may expect some?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I can tell my honourable friend with complete accuracy that the matter is considered a high priority one and is receiving attention now. The problem, of course, is that it involves a great many considerations that run across several departmental streams, so it is not an easy matter to come to grips with. It is being dealt with and a statement will be made when the government is able to do so.

I have had some bad luck recently in making forecasts involving time so I am somewhat gun-shy on that point. I do not think I should try to give my friend a statement as to what the time element is. The best I can do is say that the matter has not been forgotten and we are working on it.

Senator Marsden: I am glad to hear that. Do I understand from the Leader of the Government's answer that the response to the report will take the form of legislation?

Senator Roblin: That is a very good possibility but I cannot vouch for it at the moment.

NATIONAL PAROLE BOARD

APPOINTMENT OF MEMBERS

Hon. Earl A. Hastings: Honourable senators, I do not wish to be testy at this time but I do wish to commend the Solicitor General on the initiative he has taken in forming a task force to seek a successor to Mr. William Outerbridge, Chairman of the National Parole Board, who will be retiring. I commend the Solicitor General for that initiative.

● (1420)

I wonder if it might not be worthwhile to ask the Solicitor General to instruct the committee also to seek nominations to fill the other vacancies in the Parole Board, including the three vacancies in the National Parole Board, some of which have existed for a year, and also to recommend to the minister suitable nominees for the 22 vacancies for part-time members of the board.

Hon. Duff Roblin (Leader of the Government): If I recall correctly, the other day my honourable friend asked me a question which was precisely the same in substance, and I think I gave him the answer that I would do my best to convey his sense of impatience to the minister.

Senator Hastings: I am not impatient, honourable senators. I simply wonder if it might not be a worthwhile initiative for the Solicitor General to commend to that task force the added responsibility of seeking suitable nominees for the positions that he seems incapable of filling.

Senator Roblin: I think he is capable of filling them.

INCOME TAX CONVENTIONS BILL

SECOND READING—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government) moved second reading of Bill S-6, to implement an agreement between Canada and the Union of Soviet Socialist Republics, a convention between Canada and the Cooperative Republic of Guyana and an agreement between Canada and India for the avoidance of double taxation with respect to income tax.

He said: Honourable senators, the purpose of this bill is to implement an agreement between Canada and the Union of Soviet Socialist Republics, a convention between Canada and the Cooperative Republic of Guyana and an agreement between Canada and India for the avoidance of double taxation with respect to income tax.

The three tax conventions under review follow the general pattern of the conventions previously approved by Parliament. The number of Canadian tax treaties currently in force is 36. The conventions with Brazil, Cameroon, Ivory Coast, Kenya, Sri Lanka and Zambia approved by Parliament in 1984 and 1985 have yet to be ratified. After their ratification, the number of conventions in force will reach 42. The total number will reach 45 once these three conventions under study are ratified.

I would like, honourable senators, to indicate briefly the main elements of these tax treaties. Generally, dividends paid by Canadian enterprises may be taxed in Canada at a maximum rate of 15 per cent under the conventions. Under the Canada-India Double Taxation Agreement, the rate of withholding tax on dividends is reduced from 25 per cent to 15 per cent only if the recipient is a company which owns at least 10 per cent of the shares of the company paying the dividends and if the dividends are paid out of profits from investments made after the date of signature of the agreement. This was signed on October 30, 1985.

In the case of interest paid by a resident of one country to a resident of the other country, a general rate of 15 per cent will apply. There are, however, a number of exceptions for interest on government bonds or interest paid to the central bank, the government, a political subdivision or an agency wholly owned by the government or the subdivision. Interest paid by a resident of Guyana to a resident of Canada is subject to a rate of 25 per cent withholding tax.

With respect to royalties, the conventions provide for a general rate of 10 per cent in the source country except that under the tax agreement with India a rate of 30 per cent on royalties and fees for technical services will apply, but only in respect of technology transferred under arrangements made or contracts entered into after the date of signature of the agreement. In Canada, the statutory rate of 25 per cent will apply.

Some of the other matters also dealt with in these tax treaties include capital gains, non-discrimination, pensions and double taxation relief.

Under the Canadian Income Tax Act, a non-resident is subject to tax on capital gains arising on the disposal of "taxable Canadian property". Such property includes Canadian real estate and business assets, shares representing a substantial (25 per cent) interest in a Canadian public corporation, all shares of any other Canadian corporation and interests in certain trusts and partnerships. The right to impose tax on capital gains realized by residents of the U.S.S.R., Guyana and India is protected under the respective conventions.

Under the conventions, discrimination on the basis of nationality is prohibited, thereby ensuring nationals of a coun-

try equal treatment with nationals of the other country in the same circumstances. However, this does not prevent a country from providing fiscal incentives—for example, the small business deduction—on the basis of the residence of the taxpayer.

The right of Canada to tax pensions and annuities paid to non-residents is protected. Under the Canadian Income Tax Act, pension and annuities payments are subject to tax at the lesser of the statutory rate of the non-resident withholding tax and the graduated personal rates.

In Canada, double taxation of foreign source income of Canadian residents is alleviated by way of a foreign tax credit, in accordance with the limitations provided for in the Canadian legislation. In addition, dividends received by a company resident in Canada from the exempt surplus of its foreign affiliate resident in a treaty country will be exempt from tax in Canada.

The conventions also contain "tax-sparing" provisions in the case of Guyana and India. Under these provisions, the tax incentives granted by the domestic legislation of those countries will be recognized in computing Canadian tax and, therefore, Canadian residents will be allowed to deduct the amount of tax which would have been payable in the absence of the special incentive legislation in the other country.

On balance, the terms of the respective double taxation conventions provide an equitable solution to the various problems of double taxation existing between Canada and the Union of Soviet Socialist Republics, Guyana and India. Each of these countries hopes to implement the bilateral tax convention as soon as possible. Consequently, I commend this bill to the most favourable consideration of this house.

On motion of Senator MacEachen, debate adjourned.

PARLIAMENT BUILDINGS

CENTRE BLOCK—REMOVAL OF PORTRAITS OF BRITISH PRIME MINISTERS—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Hicks, calling the attention of the Senate to the removal of the portraits of former British Prime Ministers from the sixth floor of the Centre Block of the Parliament Buildings.—(*Honourable Senator Walker, P.C.*).

Hon. Henry D. Hicks: Honourable senators, Senator Walker intimated to me that he wished to speak on this inquiry. He subsequently expressed some doubt as to whether he was going to enter into the debate. I am prepared to close the debate, but I think that it would be proper to wait a little longer so as to give Senator Walker a chance to intervene if he wishes to do so.

Order stands.

THE SENATE

MOTION TO AUTHORIZE BROADCASTING OF PROCEEDINGS—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Davey, seconded by the Honourable Senator Frith:

That the Senate authorize arrangements for radio and television broadcasting of its proceedings and those of its committees,

And on the motion in amendment thereto of the Honourable Senator Phillips, seconded by the Honourable Senator Doody, that the motion be not now adopted, but that the subject matter thereof be referred to the Standing Committee on Internal Economy, Budgets and Administration.— (*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have no desire to delay this matter. If any other honourable senator wishes to speak to it, I would be only too happy to yield. If no one wishes to speak at this point, I will stand the order again. It is not my intention to run it off the order paper.

Order stands.

• (1430)

THE ENVIRONMENT

AIR POLLUTION ON PARLIAMENT HILL AND PUBLIC EDUCATION CAMPAIGN—MOTION—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Opposition), pursuant to notice of Thursday, December 5, 1985, moved:

That the Senate urge all Senators and drivers of other vehicles on Parliament Hill to abandon the practice of leaving vehicle engines running within the precincts of Parliament Hill as such practice adds to environmental damage and, further, the government should launch a public education campaign inviting all Canadians to do the same and to invite the provincial governments to take the same steps; and

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

He said: Honourable senators, this motion supports that made by the Honourable Charles Caccia in the other place. The House of Commons acquainted us of the motion. One version asked for our support, and the other said that we were to be acquainted of the action taken by the other place.

I should like to hear what other honourable senators have to say on this motion, but I can put some facts on the record. Apparently the emissions from the exhaust of motor vehicles include the following: carbon monoxide, carbon dioxide, sulphur dioxide, nitrogen oxides, hydrocarbons, lead and soot; and, according to research, they all affect our health.

Senator Doody: Does that cover cigar smoke?

Senator Frith: Would that it did. At least we do not have to include in this motion that no cars should be allowed to idle during committee meetings or within the precincts of committee hearing rooms. Apparently the documentation is quite sound and reliable on the question of the health hazards of lead, particularly for children. It is one of the ingredients used in the cheaper grades of gasoline. Nitrogen oxides are substances that damage our lungs. Apparently they can cause throat and nose problems, and it has been proven statistically that they aggravate asthmatic conditions as well as increasing the number of admissions to hospitals in certain meteorological conditions.

On a larger scale, it has been proven by scientific research that sulphur dioxide and nitrogen oxide, together, contribute to the formation of acid rain. I do not want to get into the whole question of acid rain, because I believe that most honourable senators are familiar with the extent of the problems created by acid rain.

Why should we think that we are going to solve all of those problems by suggesting that persons with vehicles on the Hill refrain from letting them idle during the cold weather—or, for that matter, at any time? The intent of the motion, as it was put forward in the other place, was to set an example. If we, as parliamentarians, are aware of the extent of this problem on the larger scale, then we have an opportunity to set an example here and to use such prohibition as a launching pad for an educational program on the dangers of exhaust fumes and why motor vehicles should, if at all possible, not be allowed to idle—because I understand that the problems are even more serious when a car is idling than when it is running and being used.

Of course, it does leave the question in the minds of many people as to how it is possible to have people who are required to sit in their cars in the cold weather do so without the provision of additional heat provided by running the motor and the heater. The answer is that it is possible to obtain or buy heating fans that run on the batteries, and can be used in circumstances that justify the use of a heating apparatus while the driver must stay in the vehicle.

Honourable senators, those are the bare facts, as I understand them, that can be cited in support of this motion. I therefore ask that we support this motion which is in line with that moved in the other place.

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

Hon. Jacques Flynn: Honourable senators, if this practice is bad on the Hill, then it must be bad elsewhere. I cannot see why the honourable senator should single out vehicles parked on Parliament Hill. If it is bad for the environment, then it is bad everywhere. Does the honourable senator not think that we should urge legislation or regulation, and perhaps the senator could explain how much it would cost to have that additional equipment to heat the vehicles during the winter when, perhaps, a chauffeur is waiting for someone.

Senator Frith: On the first question, perhaps the honourable senator did not hear what I said. I pointed out that the intent of the motion recognizes a much larger problem than that on the Hill. The purpose of the motion is really to increase public awareness of the problem, and to set an example on the Hill and perhaps elsewhere. I would accept an amendment prohibiting that use on a larger scale, so far as that larger scale is within our jurisdiction.

On the question of the cost of the equipment to heat the vehicle without burning gasoline, I will have to get that information. I do not have it.

Senator Flynn: Does the honourable senator feel that there should be a regulation to prevent that from happening on the Hill?

Senator Frith: As I have mentioned, the intention is to use this as a start—first, to give an example; and, second, to launch an educational program. It seems to me that we would then be in a position to pass legislation or to make regulations.

Senator Flynn: Why cannot we have this matter referred to the Standing Committee on Internal Economy, Budgets and Administration? It sounds to me to be a very pious hope. You are probably asking what they had in mind in the other place. They passed it there because they did not want to have a debate. They cannot afford to have a debate to look into this matter in depth. Therefore, the idea does not appeal to me to follow blindly what was said in the other place. I think we should give the matter serious consideration, rather than expressing a pious hope and saying, "We are doing it because they have done it." Perhaps the sponsor of the motion should consider referring the matter to the Internal Economy Committee to determine whether it is worth adopting regulations for the Hill.

• (1440)

Senator Frith: Honourable senators, I agree with what Senator Flynn has said on all scores. First, we should not pass the motion simply because the Commons has passed it. Second, I am sure that it received less attention in the other place than we would like to give it here. Therefore, I think the idea of having a committee look at the matter is a very good one. Perhaps it could be referred to the Social Affairs, Science and Technology Committee. If someone adjourns the debate—perhaps, Senator Flynn—it would give honourable senators who wish to an opportunity to speak to it. Then, we should look very seriously at the suggestion of referring it to committee.

Hon. Jack Marshall: Honourable senators, may I ask Senator Frith a question?

Senator Frith: Yes.

Senator Marshall: Was there ever a proposal before the Internal Economy Committee that plug-ins be provided for parking spaces outside the Senate?

Senator Frith: Yes, honourable senators, there was. It was included in the estimates for 1986-87. The matter was studied by the Internal Economy Committee, but the committee has

not included in its report on the estimates an amount for plug-ins, at least, at the Victoria Building. I think the estimated cost for the plug-ins was approximately $60,000 and some honourable senators thought that it was a bit extravagant.

Hon. Orville H. Phillips: Before the debate is adjourned, perhaps the sponsor of the motion can tell us whether it includes RCMP cars. Usually they have a number of cars with their motors running sitting at various points on the Hill.

Senator Frith: In the debate in the other place, the RCMP patrol cars were specifically mentioned. I assume that they are included. The motion includes ministers' cars and others that are commonly found with their motors idling during the cold weather.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, December 10, 1985

(Second Distinct Sitting)

The Senate met at 4.30 p.m., the Speaker in the Chair.

Prayers.

BUSINESS OF THE SENATE

Hon. Duff Roblin (Leader of the Government): Honourable senators, with respect to the reason why we have been called together for the second time today, I have an apology to make. I am sorry to say that I did not properly consult with my friend, the Leader of the Opposition, when dealing with the matter of this second sitting of the Senate. It appears to be a discourtesy to him; it appears to be a discourtesy to the Liberal Party. It is not, however, a discourtesy which I offered willingly. Nevertheless, to the extent that it may appear that I was discourteous, I hope that he will accept my sincere regrets at the inconvenience caused him by my failure to talk to him as I should have. I ask Liberal senators, who, naturally, are a little concerned and upset about the matter as well, to accept my explanation and apology for an oversight for which there is no good excuse. I simply hope that this expression of my shortcoming will be adequate in dealing with the matter.

The reason we are back is to deal with the resolution to confer honorary Canadian citizenship on Mr. Raoul Wallenberg. On a previous occasion we were asked to give unanimous consent to deal with this matter, and that was refused. The senator who was involved in that has been notified that we are meeting again to discuss the matter and, I believe, he will not be present, so that objection will not be repeated.

The reason it is considered expeditious to deal with it now is that other people outside Parliament have made arrangements to observe this occasion this evening. Therefore, if we were not to concur with the motion of the House of Commons those observations and celebrations, if they may be expressed in those terms, would not be able to take place. Therefore, I am seeking the unanimous consent of my colleagues in the chamber to allow us to deal with the matter now and to have the two senators who intend to move and second the motion do so and, let us hope, concur in the resolution that is before us. I appreciate the courtesy of honourable senators for coming back, and I hope that I have unanimous consent to make this move. I say again to the Leader of the Opposition that I am at fault and I am sorry. I hope that I never have to do it again.

Hon. Henry D. Hicks: Can the Leader of the Government in the Senate assure us that Senator Macquarrie has, in fact, been informed of the holding of this sitting and what the government side proposes to do?

Senator Roblin: Honourable senators, I personally spoke to Senator Macquarrie and explained to him the dilemma in which I found myself and solicited his advice as to whether he would be present or not. He said that under the circumstances he thought he would not be present. He is fully aware of the events.

Hon. M. Lorne Bonnell: Honourable senators, since Senator Macquarrie is not here and since he was the senator who raised the objection, I think that Senator Macquarrie should be here to withdraw that objection with unanimous consent, because without unanimous consent he could not withdraw it even if he wanted to, according to our rules. I think we should ask Senator Macquarrie to come in and withdraw his objection so that we can give unanimous consent to that withdrawal and then proceed from there.

Senator Roblin: I am afraid that that does not seem to be a practical proposal at the moment because I am not sure where Senator Macquarrie is, and I do not think I would like to ask him to do that. As this is a separate session and we are proceeding with the order paper in the usual way, we can deal with this matter now if we have unanimous consent of those who are here on this occasion.

Hon. Douglas D. Everett: Honourable senators, if Senator Macquarrie has been so informed, as the government leader says he has, and if he chooses not to come into the chamber, then I believe that it really would not serve the purpose of this chamber to ask him to come in and withdraw his objection. I think that what he is doing is being done constructively, and, therefore, I would certainly support the motion.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, the Leader of the Government has told us that the reason we have been summoned for an extraordinary sitting is because there are outside observances to be held which we must accommodate. I have no knowledge of what these are, and when the question came up none of my colleagues had any knowledge of what these observances are. Therefore, I would like to know, and I think it is fair to ask, what these celebrations are which we are asked to accommodate, where they are being held and who is participating in them.

Senator Bonnell: Honourable senators, I rise on a point of order. Are the doors open or are we still talking behind closed doors?

The Hon. the Speaker: Let the doors be open.

Senator Roblin: I noticed that the doors were closed during the interchange here and I want to tell the Senate that I have no objection to my remarks *in extenso* being in *Hansard*

because having made my apology I am quite satisfied that it should be a public one.

The point raised by my honourable friend is quite reasonable and I wish I could satisfy him on it, but the fact is that the information given to me is rather sketchy, and I am afraid that I do not have the information that he would like to have.

Senator MacEachen: Honourable senators, somebody must have made the decision to summon us, and I am asking why. It may not be the Leader of the Government who can provide that information. I have not examined the rules but I understand that public interest must be involved in order to bring about a special recall of the Senate after it has adjourned. I am really eager to know what matter of public interest has intervened to put aside the adjournment which we took a very short time ago and what matter of public interest brings us back. If the Leader of the Government says that he has sketchy information, then I will not prolong the matter except to put my views on the record, because we are all eager on this side of the house to extend the honour now which we were prepared to extend earlier in the day. We are prepared to do that, but there still remain questions that will have to be addressed by this honourable chamber.

Senator Roblin: I appreciate my honourable friend's cooperative attitude and I am sorry that I do not have anything further to add at the present time.

Senator Bonnell: Honourable senators, since this is a new sitting before we get to the Orders of the Day where this item would be listed, am I correct that we have to go through the regular order of business and Question Period again?

Senator Roblin: The first item on the Orders of the Day is that dealing with the Wallenberg resolution. When that is disposed of, the Senate can decide what it wants to do next. I would propose that we adjourn after we deal with the Wallenberg resolution.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, if this is another distinct sitting, then I think we have to go through the order of business as outlined under rule 19, unless we have unanimous consent not to do so.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, we could move that Orders of the Day stand until the next sitting of the Senate, thereby proceeding to Motions, at which time we could deal with this matter.

The Hon. the Speaker: Is it your pleasure, honourable senators, to proceed to Motions?

Senator Frith: Rule 19 says:

> At each daily sitting of the Senate, the Speaker shall call for, in the following order:
>
> (a) Presentation of petitions;—

and so on. It seems to me that it would be more in order for Senator Doody to ask that, notwithstanding rule 19, we proceed to Orders of the Day.

Senator Doody: That seems perfectly in order, Your Honour. I suggest that we stand the Order of Business, beginning with Presentation of Petitions and including all of the items preceding Orders of the Day.

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

Hon. Senators: Agreed.

RAOUL WALLENBERG

RESOLUTION APPROVING CONFERRING OF HONORARY CANADIAN CITIZENSHIP

Leave having been given to proceed to Order No. 5:

Consideration of the following Message from the House of Commons:

Monday, December 9, 1985

RESOLVED,—That:

Whereas during World War II millions of Jews were exterminated in death camps at the hands of the Nazis in then occupied Europe;

And whereas hundreds of thousands of Hungarian Jews were facing extermination in 1944 through deportation to Germany under the orders of Adolf Eichmann;

And whereas Raoul Wallenberg as Secretary of the Swedish Legation went to Hungary in the summer of 1944;

And whereas Raoul Wallenberg, with extraordinary courage and with total disregard for the constant danger to himself, saved the lives of almost one hundred thousand innocent Jewish men, women and children, a considerable number of whom now live in Canada;

And whereas the Soviet Union, in violation of Raoul Wallenberg's Swedish diplomatic immunity and of international law, seized him on January 17, 1945, with no explanation ever given for his detention and subsequent imprisonment;

And whereas Raoul Wallenberg has been a prisoner in the Soviet Union since 1945;

And whereas reports from former prisoners in the Soviet Union, as recently as January, 1981, suggest that Raoul Wallenberg is still alive and remains a prisoner;

And whereas history has revealed that heroic acts of salvation were tragically rare during the massacre of millions of innocent human beings during World War II;

And whereas the significance of this symbol of humanity's concern for its fellows has been reduced by the wall of silence that surrounds the fate of Raoul Wallenberg;

Now therefore the House of Commons resolve that the said Raoul Wallenberg is hereby declared to be an honorary citizen of Canada;

> And that a message be sent to the Senate requesting that House to unite with this House in the said Resolution by filling in the blank with the words, "Senate and the".—(*Honourable Senator Nurgitz*).

Hon. Nathan Nurgitz: Honourable senators, I move, seconded by the Honourable Senator Marsden:

> That the Senate do agree with the House of Commons in the said Resolution by filling in the blank space left therein with the words "Senate and the"; and,
>
> That a Message be sent to the House of Commons to acquaint that House accordingly.

Honourable senators, I did not think that I would have the opportunity to speak to this matter today. I am indeed pleased and proud to move this motion, which has been indicated by others to be precedent setting in that never before in the history of our country has an honorary citizenship been granted. That has been done twice in the United States. In 1981, Mr. Raoul Wallenberg was made an honorary citizen of that country. Twenty-odd years prior to that, another great war hero, Sir Winston Churchill, was also made an honorary citizen of the United States. If this motion is passed, Raoul Wallenberg will be the first honorary citizen of our country.

In reading several works about Raoul Wallenberg in preparation for today, I was struck by two matters that had never fully come to my attention before. I think we have all heard the story of Wallenberg. Many have seen the television dramatization and have read newspaper accounts, magazine articles and so on. But having read an entire biography of the man, I realized more vividly these two facts. First, all of the heroic and unbelievable deeds of this young man in his early thirties took place within a six-month time period. I frankly confess that, in my own mind, I had pictured a much longer period of time—more like the duration of the war. Second, none of these events took place until well into 1944, when the war in Hungary was nearly over. In fact, the last very heroic deed of Mr. Wallenberg was in the early days of January, 1945, when the Red Army artillery was bombarding Budapest, where all of this happened. I suppose that I had assumed that these events took place much earlier, at the height of the war.

Wallenberg performed many acts of heroism in terms of saving five lives, ten lives and fifty lives at a time. However, one single act, the one in which he saved the most lives, occurred when there were some 80,000 to 100,000 Jews in a ghetto in Budapest. By this time, Mr. Eichmann had already left seeking safer ground, but there remained in that city a Nazi High Command as well as the Arrow Cross, their friends and collaborators. The decision was made to machine gun the entire ghetto. Wallenberg went in and convinced the Nazi High Command and the Arrow Cross to call off the machine gunning of all of those people—mainly women, children and elderly—in the ghetto, and this after the machine guns were put in place. One of Wallenberg's most convincing arguments was that he would be able to transmit to the outside world the names of those people who made the decision. At that time, there was already talk of a war crimes tribunal, and he threatened that those people responsible would be dealt with. That was the argument that stopped them.

Everyone knows by now that Raoul Wallenberg came from a privileged class and that he came from the comfort of neutral Sweden. I am sure that all honourable senators are aware that he was a young man at the time of these events. In fact, he was only 31 years of age when he arrived in Hungary in June or July of 1944. He was not a diplomat, as he is so often described. He was given that status so that he could, by whatever means possible—stunts, tricks, pressure, false passports—save as many lives as possible.

I should mention to honourable senators that it was not just Jews that he helped. Per Anger, the former Swedish Ambassador to Canada who served here until about 1980, wrote a book about Wallenberg. He had worked with Raoul Wallenberg in Budapest and often described that in Wallenberg's waiting room there were Social Democrats, people with trade union leanings, priests and nuns—all of the prime targets of that era. As I have said, it is sometimes difficult to understand how this wealthy and well educated young man, living in the comfort of Sweden, came to be involved in this way. As so many biographers have said, he did not have to go. I think it was his step-sister who said of him that Raoul Wallenberg was not going to be a spectator in life. He proved that one man can make a difference—and indeed he did to over 100,000 Hungarian citizens. There are many living examples in our country today—decent contributing members of the Canadian community—who are here thanks to the courage of Raoul Wallenberg. One reads the magazine articles listing name after name. Honourable senators, this is not mythology; these are real live people who stepped forward and said they were next in line, and if it had not been for this handsome Swedish man stepping up with these pieces of paper—God only knows what they were—they, too, would have gone.

● (1640)

Honourable senators, many men and, perhaps more importantly, many governments sat on their hands while trucks and cattle cars devoured whole towns and villages in that part of Europe. More humane immigration policies in many western countries and a little relaxation of the regulations could have saved the lives of, I guess, millions. I do not think the events of that time constitute a very proud chapter in our history.

I was most impressed with the biography written by Kati Marton, herself a child of Budapest survivors, and the wife of Peter Jennings, the now American television journalist and formerly a distinguished Canadian television journalist, when she said:

> He proved that if the givers of life showed as much enthusiasm for their job as the merchants of death, humanity had an even chance.

The Raoul Wallenberg story is one that one rarely reads about except in fiction. As I have said, witness after witness, those who were saved and those who were his colleagues, all described an incredible story of courage, persistence and unselfishness in the face of an army of thugs and murderers.

Some two or three weeks ago, Senator Olson introduced a motion dealing with the tragic death of a Canadian mother and her child in Malta. It was during that discussion in this chamber that Senator Frith said that, regrettably, too often we dignify these bandits with romantic descriptions such as "terrorists, Red Army Brigades, Black September" or a wide range of such titles, when they are nothing more than criminals of the lowest order who prey on innocent men, women, children and the elderly. We ought to refer to them as "thugs."

Acting at the behest of government authorities, these thugs and murderers carried on assembly-line slaughter of the innocent in unbelievable proportions. It is amazing that, with the artillery guns of the Red Army pounding in their ears, these thugs continued their program of mass murder. The master thug in Hungary at that time, Carl Adolf Eichmann, in the full knowledge that the war was all but over, never let up on his program. In fact, as is often documented, he sought to improve the efficiency of his operation.

Raoul Wallenberg's good fortune ran out after he had witnessed the defeat of the Nazis. Following the destruction of one form of autocratic and inhuman government, he foolishly sought out the Soviets. It is incredible that he should do so, but the fact remains that he sought them out. Perhaps, honourable senators, if this matter were not so serious, we would say that he went from the frying pan into the fire.

The remainder of this story is sad history. Raoul Wallenberg was seen in Soviet prisons by many people. But the Soviet government first denied the existence of Raoul Wallenberg and then produced some feeble story of a heart attack suffered many years before. It certainly leaves one wondering. There have been confusing stories coming out of the Soviet Union, stories which leave people asking: Why? Indeed, why? Can there ever be a rationale when one considers the actions of people of that kind? The actions of the Nazis in the 1930s and 1940s, and of the kind of people who took and imprisoned Raoul Wallenberg and kept him there throughout the 1950s, 1960s, 1970s and into the 1980s, are beyond the understanding of reasonable and caring people.

Honourable senators, I am sure you all agree that today, December 10, recognized by free people throughout the world as International Human Rights Day, is an appropriate day for us to join with the House of Commons in adopting this motion.

Hon. Senators: Hear, hear.

Hon. Lorna Marsden: Honourable senators, it is an honour to second the motion from this side of the chamber. I should like to congratulate Senator Nurgitz who has put so clearly, concisely and firmly the reasons why Raoul Wallenberg has been honoured all over the world, and why we should join in honouring him as we propose to do here this afternoon.

I am glad that we have returned in order to address this resolution on International Human Rights Day. My only regret stems from the circumstances that led to this extraordinary sitting, and is heightened by the fact that earlier this afternoon we had as a visitor in our gallery His Excellency Ola Ullsten, the ambassador from Sweden to our country.

For the majority of Canadians alive today and for some of us in this chamber, the Second World War and the tragic events in which Raoul Wallenberg played a role are not within memory, but they form a significant part of our history. Today we live in a world of terrorism where the vicious acts of violence perpetrated during the Second World War, and to prevent which Raoul Wallenberg intervened, are today carried out on civilian aircraft, ships and in otherwise peaceful settings all over the globe.

The model of Raoul Wallenberg is crucial because he reminds us of the best words and deeds of which we are capable as independent human beings in our actions towards one another. In one of the accounts of Raoul Wallenberg's activities, the authors say:

> In carrying out his rescue operation, Wallenberg cared little for his own safety . . . He stood on top of a deportation train handing out Swedish papers to all the hands that could reach them, then insisted that the people holding them be allowed off the train. With his own hands, he pulled people out of death marches to the Austrian border or brought them bread, soup and medical supplies in the middle of the night when he had no more passports to give out.

Raoul Wallenberg is a contemporary model for Canadians, young and old. He is more than a brave man, although he is that; he is a person who acted on principles and beliefs directly and through all means available to him. He made the persecuted believe that they could save themselves and help themselves, and he gave everything he could to support them in doing so.

Human rights is not a matter only for the law and the courts, nor is it only for charitable giving or for speeches and goodwill; it can be a matter for direct action and personal involvement.

Canada has many brave and committed people. Canadians have shown during years of war and during years of peace that we are committed to the furtherance of human rights and to acting directly to help those who are victims of repression, war, famine and sickness.

In welcoming this motion, we honour both the courage and actions of Raoul Wallenberg and, at the same time, we honour the many brave Canadian men and women who shared his cause and the horror of those days 40 years ago.

In welcoming Raoul Wallenberg as a citizen of our country, we provide a living model of what it means to care about the human rights of all people. He is an inspiration to young Canadians and a symbol to older Canadians.

By making Raoul Wallenberg an honorary citizen of Canada on International Human Rights Day this year, we signify our intention to follow his model in the world in which we must live.

Hon. Senators: Hear, hear.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Duff Roblin (Leader of the Government): I suspect my colleague may move the adjournment if it meets with the approval of the Senate.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to raise a point of order before the adjournment motion. I would have done so earlier had it not been for our desire on this side of the house to proceed with the motion which we have now unanimously adopted and which we were prepared to proceed with when we met at 2 o'clock this afternoon.

I would remind honourable senators that we did deal with this motion, which has now been passed, as the first item of our business this afternoon. Because Senator Macquarrie, for reasons we respect, wanted to have further time to study the motion, as is his right—a right confirmed in the rules—we did not proceed with the motion, but we adjourned about one hour later. We were called back to the Senate approximately one hour and 15 minutes after that.

Earlier I asked the Leader of the Government in the Senate whether he could explain the circumstances which brought about this emergency sitting of the Senate, which it is. He told us that he understood this sitting was necessary because of observances to be held outside the house. He added, and I hope that I repeat his words correctly, that he had but sketchy information.

● (1650)

I must say that it is not a normal thing to happen. I have been in and around Parliament for 30 years. The Speaker of the House of Commons has summoned Parliament back only when there was a clear issue of public interest, whether it be a work stoppage or the necessity of dealing with a matter of national security. It is not just a procedural matter. It is somewhat ironic that in moving in emergency sitting to celebrate the International Day of Human Rights we have removed a right from our colleague, Senator Macquarrie, who is entitled under our rules to have the right to postpone this debate until tomorrow. By the calling of an emergency sitting, that right has been removed from him.

I must say that I am quite alarmed at this development, and I would like an explanation. I am not alarmed that we have made a unanimous and deserved gesture to the person who has been so eloquently spoken about by our two colleagues, but that somehow we have found it necessary to resort to an extraordinary procedural device. We have received no explanation. I have not, and no one on this side of the house has received any explanation.

May I read our rule 14A. It is entitled "Emergency sittings", and says:

> (1) If, during any adjournment of the Senate, the Speaker is satisfied that the public interest requires that the Senate meet at a time earlier than that set forth in the motion for such adjournment, the Speaker may call such a meeting by sending a notice to each senator at the latest address of the senator filed with the Clerk of the Senate, informing the senator of the time of the meeting.

There may be other rules that cover the situation, but this is the only rule that I know of, and it is in the rule book. It permits the Speaker, if he is satisfied that the public interest requires that a meeting of the Senate should be held, to notify us in the way described.

I will not make a point of the notification, but I believe it is absolutely essential that this does not become a trivial device in the future. We should be told what happened, what information was received between 3 p.m. and 4 p.m. that brought about an emergency sitting of the Senate. We were here until approximately 3 p.m. We had been here for some considerable time following Senator Macquarrie's unwillingness to give unanimous consent. However, we adjourned, and about an hour later we were informed that an emergency sitting would be held.

I think we must know what the circumstances were. I am not going to press the matter further today, but I assure honourable senators that unless an explanation is offered, it will be pressed very hard, because I believe that we have willingly conferred today a right of honorary citizenship, but, at the same time, by this extraordinary sitting, ironically we have removed a right from one of our colleagues.

Hon. H. A. Olson: Honourable senators, before the Leader of the Government replies, he may find at least a partial solution to the point of order raised by the Leader of the Opposition if the Senate could agree that the action taken today shall not be regarded as a precedent for any future occasion. If that can be agreed upon, it would help me quite a bit. I did not want to raise a question about it at the time because obviously, since unanimous consent was required, it appeared that it was there for the very worthy purpose for which it was used today. It is disturbing to me that it can be used as a means of circumventing a right that everyone agrees every individual senator has, namely, that the rules shall be followed unless there is unanimous consent. Therefore, if we can agree that this will not be a precedent, I would feel a good deal more comfortable regarding the situation.

Hon. Douglas D. Everett: Honourable senators, let me remind honourable senators that rule 14A has been used often in this house. It used to be the custom of this house to adjourn for longer periods than we do now. The Speaker would then retain the right to call the house back into session under rule 14A, and senators received a telegram saying "Under the emergency rights granted to me by section 14A of the Rules of the Senate, I call the Senate back into session on such and such a day at such and such a time." We are not creating a precedent here at all. It was used many times. Honourable senators can look back into the record and see that that is so.

The Leader of the Opposition raises the point that we have removed a right from Senator Macquarrie. That is hardly so. Senator Macquarrie has the right not to grant unanimous consent. He did that. The emergency sitting was called, as is the right of the Speaker to do so. It is in the public interest.

Senator Macquarrie could have appeared again and refused to give his unanimous consent, and the motion would not have gone forward. The fact of the matter is that the Leader of the Government has indicated that he informed Senator Macquarrie that the sitting was taking place, and the senator decided not to attend. So I hardly see how we have removed a right, because he could have come down and refused to give his consent once again.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, for the record, it seems to me that that is not so. There are two particulars in which this is not a precedent. First, there was no notice sent out, and in all previous cases emphasized by Senator Everett there have been. I can remember being called back by telegram, as the honourable senator said, but the notice was sent out. I do not know of any occasion when the particular procedure employed today has been used. So it is unprecedented in that sense.

Also, the right was removed, as the Leader of the Opposition has said, because had Senator Macquarrie come here, he could not have refused unanimous consent. This is a new sitting and unanimous consent was not necessary. Therefore I believe it is worthwhile underlining the fact that I do not believe that anyone supports this as a device to circumvent the withholding of consent. All we want to do is to underline the fact that this is unusual, because we could say, "All right, you are not going to give unanimous consent, so we will adjourn and we will come back in ten minutes. That will be the next sitting, and we will get the Speaker to say that it is an urgent matter of public importance," and thereby we will have got rid of the whole right to withhold unanimous consent. Senator Macquarrie could have come here and said, "I do not consent," to which anyone could have said, "Thank you, Senator Macquarrie, but this is a new sitting. There was notice given that this matter would come up at the next sitting, and this is the next sitting."

Hon. John M. Godfrey: Honourable senators, Senator Frith does not appear to have read rule 45, which says:

> (1) One day's notice shall be given of any of the following motions:
>
> (a) to suspend any rule or any part thereof;

So it is not the next sitting.

• (1500)

Senator Frith: That is correct. However, in this case, when unanimous consent was not given, Senator Nurgitz moved that it be put over to the next sitting of the Senate and we agreed.

Hon. Eymard G. Corbin: Honourable senators, I wonder if I might have a minute or two to speak on behalf of those senators who are absent. I understand that this being a distinct sitting, the names of those present are being recorded, and those absent will be noted as being absent because they will not be on the list. I know of some colleagues who, on the presumption that this house would not sit again today, have gone on to meet other commitments and to deal with other business. I am sure that these senators would have deemed it their duty to be present here if they had been properly notified. I can name one or two such senators who would have considered it their duty to be here for this auspicious occasion. However, because of the circumstances, they have been deprived of not only the privilege of speaking to the motion but the privilege of doing their duty, simply because they could not be reached.

I feel that the interests of those senators must be protected and I hope that in no way, shape or form would one be led to think that when we adjourn today this whole matter will be laid to rest. I rise on behalf of the absent senators to say that if they raise the matter tomorrow or at another time they ought to be heard and that debate must take place on the question. In that way their rights will be fully preserved.

Senator MacEachen: Honourable senators, the basic question which I have put before you is: What were the circumstances which demanded an emergency sitting? I have not received an explanation. As I said, I shall not press the matter today, but let me serve notice that there had better be an explanation or we will have a procedural debate every single day in the Senate until we get an explanation, whether it be a bogus one or not. We were called here for an emergency sitting. An emergency sitting must be in the public interest. We have been greeted with silence rather than an explanation. It is extraordinary. What has happened to our procedure that we cannot find out why we were called back for an emergency sitting? I am not going to debate now some of the points I raised earlier, but that is essentially the point. I have raised it as a point of order. We have received no communication from the Speaker, under whose authority, presumably, we are here under rule 14A. I would hope that he would provide us with an explanation of the circumstances which permitted him to call an emergency sitting of the Senate in the public interest.

Hon. Charles McElman: Honourable senators, I rise to support the position taken by the honourable Senator MacEachen. As most honourable senators who have been here for any length of time know, I have often cautioned the Senate and a number of its committees on establishing precedents that would later be regretted. The precedent established here is that the one purpose of this special sitting has been to overcome the refusal of one of the members of this body to give unanimous consent to the passing of a motion. There is no other purpose for this sitting at this point in time. That is a very serious precedent for us to have on our records and, possibly, to be referred to at a later time. Senator Olson has made a useful suggestion with which we should concur. It should become a matter of the record of this sitting of the Senate that we have formally stated that this exercise is not a precedent to be referred to in future. If it were to be considered a precedent or to remain as it now stands, it could become a device to get around the rules of the Senate and, as Senator MacEachen has very properly said, to permit the Senate to take away the right of a senator who refuses unanimous consent. I do not suggest that it will happen, but I can foresee a circumstance in which it could happen.

Once a precedent is established, the capability of its being used is always there. I think we must obviate that formally

today, if necessary by a motion, but at least by unanimous agreement of the Senate that today's action is not to be considered as a precedent. I cannot accept the proposition put forward by Senator Everett that this notice is on all fours with the type of notice that we receive, and he referred to the period when our late and respected colleague, Senator John Connolly, was the Leader of the Government in the Senate. What has happened today does not correspond with what happened on those occasions. On those occasions the Speaker was satisfied that public business was to be conducted. Therefore, the public interest was served and the Speaker, very properly, relied on the advice that he had received and sent out notices. Today it appears to have been determined that there has been nothing said to support the argument that it is a matter of public interest. At least, we have heard nothing. Therefore, it is not on all fours with the precedent Senator Everett cited. Furthermore, when we came back on the occasions cited by Senator Everett, the Senate was immediately advised by the Leader of the Government of the business to be conducted and why it was necessary to call the Senate back in advance of the day the Senate was scheduled to resume.

I would make two suggestions. The first one follows upon what Senator Olson has suggested, that the Senate formally put on record today that this occurrence will not be considered a precedent to be resorted to at a later time in similar fashion. Second, since the hour is not that late, I suggest that before we leave this chamber today, we take a short recess to permit the Leader of the Government to inquire of those people who have urged upon him this emergency sitting, the specific answers and the reasons behind them to the questions put by the Leader of the Opposition. Surely, a ten-minute recess would provide to the Leader of the Government sufficient time—

Senator Lefebvre: They are all at the reception.

Senator McElman: —to inquire of those people who advised him, return to the Senate and apprise the Senate, as it has every right to expect, as to the reasons for the emergency debate and for the celebration, so that honourable senators who so wish may become part of those celebrations.

Senator Roblin: Honourable senators, I do not know whether I will be the last senator to speak on the points of order raised, but I hope that I am.

I have listened with great attention to the points that have been raised and will try to give as much satisfaction as I can, because I think a number of them are well taken and are worthy of consideration.

I should like to deal first with the question of precedent and to say that, while it is true, as Senator Everett has said, that the Senate has been recalled by the Speaker on previous occasions, I must admit that I do not know of any situation that is absolutely the same as the one we faced today in that honourable senators were recalled by telephone, whereas in the past it has been by mail or telegram. While some honourable senators may say that that is the modern system of communication, it does leave the question open. I certainly hope that this will not be regarded as a precedent, no matter how one regards it in terms of what has been done in the past. I certainly do not recognize it as a precedent myself. It is an unusual situation and I hope we do not have to have recourse to this procedure again. I certainly would not try to justify any action in the future on the basis that this was a precedent. I should like to make that clear.

I am concerned about the suggestion that a senator has been deprived of his rights by what we have done this afternoon. I take the view—and I might well be wrong—that in spite of the fact that it is a separate sitting it could be argued that it requires unanimous consent for us to be here at all. So, if the senator concerned had been here he could have exercised his right. He may feel that his rights were prejudiced by what we have done—maybe that is the case. I am not trying to put too fine a gloss on it, but my position is that I hope his rights have not been abridged in any positive way. It certainly is not my intent that that should be so. As I have had some conversations with the gentleman, I can say that he is aware of what is transpiring, and if he is not here, that is his decision. I admit it would be difficult if he were here, but let's be frank about that, he is not.

The other point that needs to be commented on, I think, is the question of the rationale for the meeting. I quite appreciate the view of the Leader of the Opposition in the Senate. I have listened carefully to what he has said. I cannot do it today, I am afraid, but I will do my best to give him a statement tomorrow that I hope will give him all of the information that I can provide on the matter. I hope he will regard that as being satisfactory.

Those are the thoughts that have occurred to me as I listened to the debate this afternoon. I hope that the Senate will think that this is a reasonable approach to a difficult question.

I would not like to sit down without saying, once again, that I thank honourable senators for their co-operation, because the points that have been raised are legitimate ones. The Senate did co-operate in this matter, and the Leader of the Opposition led the co-operation. He did not press me on matters when he could have done so, and I appreciate that co-operation and want to say that I thank all concerned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 11, 1985

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

Prayers.

[*Translation*]

APPROPRIATION BILL NO. 3, 1985-86

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-89, for granting to her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1986.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading on Tuesday next, December 17, 1985.

[*English*]

BUSINESS OF THE SENATE

RAOUL WALLENBERG—RESOLUTION APPROVING CONFERRING OF HONORARY CANADIAN CITIZENSHIP—POINT OF ORDER AND QUESTIONS OF PRIVILEGE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to raise a point of order relating to the extraordinary events which occurred in this chamber yesterday when the Senate was summoned for an emergency sitting within an hour and a half after the Senate had adjourned in the normal way. The Leader of the Government in the Senate told us that because of celebrations which were to take place outside of the chamber, it was necessary to resort to the extraordinary measure of convening an emergency sitting of the Senate. The Honourable Leader of the Government could not provide any additional information with respect to what these celebrations or observances were, and admitted that his information was sketchy and that he would attempt to provide this information today.

We regard the events of yesterday as extremely serious. We hope to get to the bottom of the consultations that resulted in an emergency sitting of the Senate. Those reasons have not yet been disclosed to honourable senators.

I raise the matter at this time and advise the Leader of the Government in the Senate that we will be interested in knowing whether it was on the advice of himself, the Prime Minister or any member of the government that the Speaker invoked the rule which permits an emergency sitting of the Senate when the public interest is at stake.

I am initiating the point of order. My colleagues will want to pursue it, but I think we ought to give the Leader of the Government in the Senate an opportunity to see whether he can comply with his undertaking of yesterday to attempt to provide us with information.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will give the Senate as complete an account of the events that led up to the situation we were faced with yesterday as I can. I have to agree that that was unusual for the Senate. I hope that my explanation will be sufficiently satisfactory that honourable senators will see that I acted at that time within the bounds of the information available to me in a responsible way with respect to the traditions and privileges of this body, and with respect to the public interest, which is, of course, the reason that the second sitting was convoked yesterday.

I will start by saying that December 10, which was yesterday, and was the date on which we requested the Senate to complete the transaction under review, is the anniversary of the Universal Declaration of Human Rights made by the United Nations in 1948. A short time before this anniversary came around two members of the House of Commons decided that it would be advisable and appropriate for that place to mark the anniversary of the Universal Declaration of Human Rights in a constructive way. Consequently, two private members' bills were introduced in the House of Commons, one by Mr. Guy Ricard and the other by the Reverend Roland de Corneille with respect to Raoul Wallenberg and the conferring of honorary Canadian citizenship.

I am told that when these two bills were considered in the House of Commons, it was thought that it would be more to the point if instead of proceeding by way of private bill, which may or may not get anywhere in the legislative process, these two private bills should be dropped and a private members' resolution should be prepared dealing with the substance of honorary Canadian citizenship for Raoul Wallenberg, that it should be a private members' resolution and that it should be sponsored by representatives of the three parties in the other place. That was done. Mr. de Corneille, Mr. Ricard and Mr. Deans from the NDP are the names associated with the introduction of this resolution in the other place. It was designed to be related to the United Nations Day of December 10.

Unfortunately for me, at any rate, I was not a party to these deliberations in the other place and when the resolution came to my notice it was as a private members' resolution. In reading it through I did not note any connection between the resolution, as set out, and December 10, which was the day on which it was proposed to link the resolution.

When it came to the Senate I did not automatically conclude that there might be a difficulty with the matter if it was postponed to another day. It was a private members' resolution and the reference to the December 10 aspect of it was not, as I recall, recorded in the resolution. Therefore, I saw no good reason to attempt to persuade my colleague behind me to allow us to proceed with it at that time. That was obvious because I sat in my place when the objection was raised and I said nothing about it. Anyone would be entitled to assume that I felt that there was not that urgency which would require that it be dealt with now.

I frankly tell the chamber that that was the situation in which I found myself at that time. I had no idea that the postponement of the resolution would raise problems.

When the deed was done and we decided to postpone the discussion for another occasion, I found out that there were, indeed, problems because I had a telephone call from the Leader of the Government in the other place. He told me that he had been bombarded by complaints from members on both sides of the house about the delay and suggested to me that there were important considerations not only of a private nature but also of a public nature which would indicate that we should do anything we could to resurrect the issue and have it dealt with on December 10.

Why December 10? Surely that must be the question which honourable senators would like some satisfaction on. Why did I not know enough about these things when I came to the house to ask for unanimous consent to provide a full explanation at that moment, which I am attempting to do now?

It is probably not satisfactory for honourable senators to know that, in the press of the business, it was decided to contact senators before they had departed. We were thinking originally of calling the Senate at 8 o'clock, but there was a question raised as to everyone's whereabouts at that time. We knew, thank goodness, that the Liberal Party has a caucus on Tuesday afternoon, so, in a sense, we had a tab on a good number of senators. It was decided to move fast.

In my conversations with the Leader of the House in the other place, I asked him for some information that I could give this chamber as to why the request was made of me. He mentioned the outside observances, which I will come to in a moment, and he also hinted that there was another matter of public importance which had arisen only on the occasion of the postponement. When the officials in the other place and the officials of the government thought, perhaps unwisely, that it would be dealt with on December 10, that was that. But when they found out that was not to be the case, that it was to be dealt with at a later date, they discovered the possibility that the nature of the resolution, if unrelated to December 10, the International Day of Human Rights, might raise complications which would not occur to the ordinary observer but certainly seemed to occur to some people in the Department of External Affairs.

The trouble was that, in my conversations with the leader in the other place, he, too, was acting on information which, not to put it too bluntly, was not complete and could not be furnished in time. It was a complicated matter for me to be advised in order to inform the chamber.

It was the necessity, particularly on this issue of public concern, for the resolution to be developed in a form that could be presented to a parliamentary body which caused me to ask the indulgence of the house—which I gratefully acknowledge—to allow me to proceed without the explanation which, quite frankly, it is fully entitled to have.

What is the problem? The problem has to do with the nature of the resolution and its relationship to the diplomatic processes in the world and, particularly as they relate to the Union of Soviet Socialist Republics. It is a private resolution, and linking it with the International Declaration of Human Rights was thought to be a perfectly legitimate exercise of the Parliament of Canada, particularly as private members in both chambers were supporting it. It is not a government initiative. If it were done in any other way, it might be considered as a bilateral declaration or a governmental attack, if you like to put it in those terms, in respect to our relations with the Soviet Union. Linking a private member's bill to the Declaration of Human Rights of the United Nations on December 10—on that day precisely—was thought to be the best way of conveying the message without conveying what might be considered, in diplomatic terms, an insulting démarche. I do not know whether I am going too far in using that expression, but that is the kind of dilemma in which the government found itself. Here it had a private members' resolution for which it was not responsible; here it had the link which was not explicit on the first go-round with the Declaration on Human Rights of the United Nations on December 10, and which, if handled carelessly, might have complications or consequences which, perhaps, would not be desirable.

Therefore, in the interests of protecting the national interest against a problem of that kind, the very strong feeling was that the deed should be done as a private members' resolution on the day connected with the anniversary of the United Nations declaration and tied in with the respected name of Raoul Wallenberg who is the reason for the resolution in the first place. That was felt to be the most appropriate way of conveying our sense of repugnance at the activities in the Union of Soviet Socialist Republics in violation of human rights.

Honourable senators, I am not a diplomat and I really cannot give the Senate an informed opinion as to whether the diplomatic reasons are quite as compelling as they have been presented to me, but I would accept them as such. I realize that it is a subject for debate, but that is the general gist of our problem. That is why it happened in the way it did. That is why I felt reluctant yesterday afternoon to try to give further information, because, the first thing I knew, if I did not have the brief before me for study, I might make the matter worse by failing to explain exactly what was going on. So that was the first question that became an issue of public concern; namely, that the resolution should be handled in such a way as to be prudent in dealing with our relations with a foreign state.

• (1410)

The second one had to do with what I call observances. I have to tell my friends that I am aware of only one observance which comes under this heading, and that was a press conference that was to be attended by Mr. de Corneille of the other place and the Swedish ambassador to review the action of the two houses of Parliament in passing this resolution. In the event, when it became obvious that we were not going to give the resolution a quick passage, as had been expected, in this chamber, it turned out that this press conference did not take place. That is the observance that I had in mind when I spoke. I did not find that out until this morning, but that was to have been an event related to the passage of the resolution in the two houses.

Honourable senators, that completes what I have to say here. I say again that the initiative of this motion was a private one. It was not a government initiative. It was a resolution which was intended to be a gesture of humanitarian concern. Its history indicates that it was to be linked with the Human Rights Day. The passage on that day, December 10, afforded the most significant way in which we could express our view of the matter while limiting the susceptibility to any undue misconstruction of government attitudes in other places. The information that I gave the chamber was generally correct, but it was so general as to be of no use to anybody. That is why I am pleased to have this opportunity to explain myself in some more detail. While I could not be sufficiently precise yesterday to report to the Senate in a meaningful way, I have endeavoured now to give the whole story as far as it is known to me in connection with this matter so that there may be some justification for the proposal that I made the other day. I welcome, of course, any questions that might be raised about this statement. If I am able to answer, I will certainly do so.

Senator MacEachen: Honourable senators, I have listened with a great deal of interest to the explanation provided by the Leader of the Government in the Senate. I must say that my concern has not been in any way abated. He himself must admit that his is a rather weak case which should never have caused him to seek an emergency sitting of the Senate by invoking an extraordinary measure such as we witnessed yesterday.

I take it from what he has said that the Speaker was advised by the government that the public interest would suffer, or that it would be endangered, if this second sitting did not take place. Before I go on to make a few other comments, I want to make it perfectly clear that we on this side of the house were prepared to pass the motion yesterday afternoon when it was first introduced. We exhibited that willingness by passing it immediately when it was introduced at the emergency sitting of the Senate. We gave consent that the necessary notice in the first distinct sitting be waived in order that that motion could come forward. So there was no difficulty on our side with the substance of the motion. The Leader of the Government has said that he had a call from the Leader of the Government in the House of Commons saying that he was bombarded with objections at the exercising of a right on the part of a senator in this chamber to delay these proceedings until today. Because he was bombarded with objections, the Leader of the Government swung into action and decided to have an emergency sitting of the Senate.

I do not put much stock in that. That argument falls to the ground. Then we are told that the only observance which the Leader of the Government had in mind, as he told us yesterday, is as follows:

> The reason it is considered expeditious to deal with it now is that other people outside Parliament have made arrangements to observe this occasion this evening.

The only observance that has been mentioned by the Leader of the Government is a cancelled press conference.

Does that not trivialize this chamber, that we were called into an emergency sitting to accommodate a press conference which did not take place?

I must say that I am trying to deal, in my own mind, with the observation made by the Leader of the Government that this action was necessary so that we would not displease the Soviet Union; that we were called into an emergency sitting because of diplomatic considerations related to the possibility that our action, if not taken on the tenth anniversary of the Declaration of Human Rights, would displease the Soviet Union. Is that not what the Leader of the Government said?

Senator Roblin: No.

Senator Olson: Yes, it was.

Senator MacEachen: That there were diplomatic implications related to the Soviet Union. I am putting it in plain, understandable language. If that is the reason, then I think the Leader of the Government should not have advanced it at all publicly. Does he think that passing this resolution yesterday rather than today would make any difference to the Soviet Union? The stricture against the Soviet Union in this resolution is as tough today as it was yesterday, and they will not say, "Well, because it was passed on a Tuesday, we will not take exception to it, whereas if it were passed on a Wednesday, we would take exception." Presumably what External Affairs had in mind, when it gave that advice to the government, were these phrases:

> And whereas the Soviet Union, in violation of Raoul Wallenberg's Swedish diplomatic immunity and of international law, seized him on January 17, 1945, with no explanation ever given for his detention and subsequent imprisonment;

And the Leader of the Government apparently wants to lighten the view of the Canadian Parliament with respect to that action, because he wanted it done on Tuesday rather than on Wednesday. Then there are the following sentences:

> And whereas Raoul Wallenberg has been a prisoner in the Soviet Union since 1945;
>
> And whereas reports from former prisoners in the Soviet Union, as recently as January, 1981, suggest that Raoul Wallenberg is still alive and remains a prisoner;

Those are the references in the resolution with respect to the Soviet Union; and presumably, honourable senators, when we passed the resolution, we believed it was justified to make those comments, and we took responsibility for them as members of this chamber.

The substance of that declaration in support of Mr. Raoul Wallenberg has not changed because it was done on a Tuesday rather than on a Wednesday. Frankly, I think that is a spurious reason. If the reasoning came from the Department of External Affairs, then they ought to reconsider advising that the Parliament of Canada should not speak its mind on an important matter of this kind because of the possible diplomatic implications with respect to the Soviet Union. I think that the Leader of the Government has worsened the situation. He has made me somewhat embarrassed at the feeling that I was moved forward last night, as we all were, into the house, because the Leader of the Government in the House of Commons called the Leader of the Government in the Senate to advise him that there was a press conference, which was later cancelled, and that it would displease the Soviet Union if we did not make that statement yesterday. The Leader of the Government has worsened the situation.

● (1420)

I do not feel very proud of the Leader of the Government for resorting to an emergency sitting of the Senate so that we could, in some way, lighten the implied rebuke of the Soviet Union for its treatment of Raoul Wallenberg. I must say that while I have attempted to deal with this matter as a question of procedure, the Leader of the Government has introduced a matter of substance by raising the presence of the Soviet Union and the diplomatic implications in our proceedings and offering it as a reason why the government sought a special emergency sitting of the Senate of Canada. Presumably public interest was involved, but I cannot see it on the face of it. To express our view, I may seek leave later to move a motion.

Some Hon. Senators: Hear, hear!

Hon. H. A. Olson: Honourable senators, I want to intervene in this debate for a somewhat different reason. I think it is sad that the resolution we passed yesterday—which, I believe, almost everyone wishes to support—has been handled so badly that it requires action by the Senate to repair the damage that has been done to the rights of individual members of this chamber. I would like to make it perfectly clear from the beginning that I am not singling out the one senator who rose to object to unanimous consent and to comment as to why; namely, Senator Macquarrie. However, I think the way in which it was handled, even in light of the explanation, makes it important that we ensure that we have not established a precedent to be used in the future. If there is any danger that we have established a precedent that may be cited, we must change the rules, particularly the one upon which we relied, rule 14A.

Honourable senators will know that unanimous consent does not require that a senator rise, identify himself and make a speech explaining why he or she is withholding unanimous consent. The Speaker is merely required to ask of the chamber if there is unanimous consent and if someone says no, then there is not unanimous consent, and that member, as I said, need not identify himself. There is a good reason for the procedure where unanimous consent is required every time the Senate departs from the rules it has agreed to follow.

For example, let us take a different set of circumstances that could easily take place if this procedure is to be regarded as a precedent, and I say this because of the circumstances that occurred yesterday. I know that I, personally, was never advised that there was to be a second sitting, except that I happened to be sitting in a meeting. The usual notification to every senator that there was to be an unusual sitting called by the Speaker because the public interest demanded it was never sent to me, or to my office. I have no disagreement with the resolution that was passed, but I certainly have disagreement with the process.

What if there were some budget bills that affected regions in my part of the country that were introduced in that special, Second Distinct Sitting of the Senate, and the members on this side, or the member from that region, were not present? I am sure you can see the implications if we leave this as an action that we are going to use as a precedent and, of course, if we do not disown it, it will be used as a precedent, or at least it could be used as a precedent.

Therefore, honourable senators, I am not advocating at this time that rule 14A ought to be changed because I think that somewhere the authority ought to be held by someone—in this case the Speaker—to call the Senate into a special sitting when there is justification for doing so. However, it should be explained to the senators what that national or public interest is. That was not done yesterday, either.

As the Leader of the Opposition has mentioned, he heard no explanation; I heard no explanation yesterday as to why this unusual action was taken, and indeed, the reasons that have been given today are not satisfactory. What would happen if the leaders on the government side wanted to play games, abridging the rights of senators that all of us have agreed to? If these kinds of circumstances are to be used to adjourn the Senate for an hour or so, then call it back into session without every senator knowing what is to happen, and bring in legislation that has not been introduced to the Senate in the required way, it is easy to understand or to imagine how serious the consequences could be.

Honourable senators, I am concerned about the way in which this matter was handled, and the process by which it was done. I know that the Leader of the Government said yesterday that he hoped it would not be considered as a precedent. That is not quite satisfactory to me, and I know that my leader has indicated that he will make a motion concerning this matter. I hope that such a motion will be passed unanimously by the members of this chamber so that we may eliminate the possibility that it can ever happen again under the circumstances that have been described here concerning what happened yesterday.

Senator Roblin: Perhaps I might be allowed to make a comment. As we are dealing with what might be described as ministerial statements, I might be allowed a closing word.

Hon. Gildas L. Molgat: On a point of order, I do not think it should be a closing word.

Senator Roblin: I am not going to check the rule and I really am not attempting to foreclose any other senator from adding to the discussion if he wishes to do so. No doubt if we do receive a resolution, as has been suggested, we will have a thorough opportunity to continue the discussion.

I just want to make a couple of comments on what has been said, because I am the first one to admit that there is plenty of room for differences of opinion.

• (1430)

I am not going to say that all virtue rests in the statements that I have made, but I will say to the last speaker that I wonder whether his points are really as well taken as he suggests. For example, if anyone wishes to refuse consent now, it is possible for that to be done without an explanation. If senators want to give an explanation, they may do so, but there is nothing to prevent them from just saying "No"; that has been done before. So, I do not think that we have a problem.

Senator Olson: If that is the way it is going to be handled, we had better change the rules so that there is an explanation given.

Senator Roblin: I am not certain which side of the question my friend is on, but I will listen to his views on either side of the question.

With respect to the point raised about the government playing games by recalling the Senate from time to time in an improper way, it can only do so with consent; let's recognize that. We got consent yesterday, and if any senator had thought it advisable not to give consent the second time, he could have said so. I am not saying that by way of reproach, because I am grateful that the Senate agreed to sit on the basis of the information we did have yesterday. But I keep telling myself that if something happens of a nature that honourable senators cannot agree with in the future, it could certainly be put a stop to without any trouble whatsoever.

Where I am really in a difficult position personally is with respect to the objection raised by the Leader of the Opposition, because what he has really said to me is that it does not pay to be candid. He has really said to me that it does not pay to express oneself openly and completely on an issue. He has said that it was not helpful for me to have expressed my concerns with respect to the diplomatic situation, and perhaps he is right; perhaps I should have said nothing about that. But if I had not shared that with the Senate, I can imagine the coals that would be heaped upon my head for not coming clean or for not having a reason which had any validity whatsoever. So, I am caught; I either come clean, as I tried to do, and candidly say what the problem seems to be from this side of the house, recognizing it is not the only view in the world—because there are always two sides to a question. I tried to tell the Senate honestly what happened; that is what I tried to do. If I had been reticent about it or declined to state the facts as they came to me, then I would have some trouble myself with the matter and, I dare say, other senators would have had trouble as well. So, I cannot win in that situation, and I recognize that.

As to the cancelled press conference, I find that as hilarious as the Leader of the Opposition does. It is just a comedy of errors—is it not?—that this press conference was called, and after they heard we were not going to proceed they decided to cancel the press conference. We can talk about the cancelled press conference as if it were the hinge of the whole thing. I say that it is not the hinge of the whole thing, but it is ironic that we should be in that situation.

I have to tell honourable senators that when I was speaking about this on the first occasion with members of the other side I was under the impression that there were other matters on which I could have reported to the house, but I found, on examination, that that was not the case. Again, I have come clean; I told the Senate what I knew.

The question is whether the implied rebuke to the Soviet Union is any less severe in the way in which it was handled than it might be in some other case. I don't think it is an implied rebuke; I think it is a rebuke. I think there is some advantage from many points of view in unifying the opinion of the country to have that rebuke come from a private members' resolution passed by both houses of Parliament rather than through a government declaration in respect of the matter, which was the other alternative to be considered. But having decided to proceed by unanimous consent, as the House of Commons did, and by waiving the rules on the private members' resolution, I think that there is some merit—in fact, the government thinks there is considerable merit—in associating the rebuke with the United Nations celebration day, and doing it all on the one day.

You can make a perfectly sound argument on the other side of the question and say that it does not matter, that you could have done it next week. Well, maybe so, but in light of the circumstances at the time it was considered by those who advised me that it would be much better if it were done in the way in which I suggested.

I am the first one to admit that it is not a pleasant thing for the Leader of the Government in the Senate to expose himself or the Senate to the problems that are associated with the line of action that was taken. That is not a pleasant thing; that is not a thing I would like to do every day of the week, but when I considered the information policy views that were expressed to me it was probably the lesser of the two evils. It was better to ask the Senate to be accommodating and come back and do what it was quite willing to do—and I grant everyone in the chamber this fact—anyway. It was better to ask the Senate to come back in that unusual way—let's be frank about it—and deal with the matter yesterday in the circumstances prevailing.

If the Senate wants to have a resolution saying that I am a damn fool and I should not have done that, or that I should have done it in some other way, go ahead, that is up to the

Senate. I will just have to simply defend myself as best I can. But looking back at the whole situation—

Senator Frith: That is not what we had in mind, but thanks for asking.

Senator Roblin: —and having regard to the circumstances which actually developed I am still of the opinion that, while it is open to all kinds of legitimate objections, and I minimize none of them, it was appropriate that we acted in the way we did. I am afraid I must maintain my position in that respect.

Some Hon. Senators: Hear, hear.

Hon. Gildas L. Molgat: Honourable senators, I rise on this point of order because I am concerned on a number of grounds about the events that took place yesterday, and about the explanation given to us today by the Leader of the Government in the Senate. I am concerned about the abuse of the Rules of the Senate, which I believe was the case yesterday. It is certainly a great danger if the Rules of the Senate are ever to be used in the future in the same way. I am concerned about the independence of senators and of the Senate itself, independence from the government and independence from the House of Commons. I think that these are two essential things that the Senate must preserve. We must be masters in our own house if we are to do the job that has been assigned to us by the people of Canada.

The Leader of the Government in the Senate has given us some history of the events leading up to yesterday. He has indicated to us that there had been two private members' bills introduced in the other place. I should like to know when those bills were introduced. Subsequently, we have been told, those bills were withdrawn. When did that happen? When was the decision made to proceed with a resolution instead? I ask those questions because I gather that those were not events that all took place yesterday—they took place some time ago. So, the government must have known that this was coming forward. If the date of December 10 was a critical one, as the Leader of the Government has indicated to us, that must have been known some time ago. Yet, that only came to light at 4 o'clock in the afternoon. What exactly took place in the other place, and what exactly took place in the government?

The Leader of the Government in the Senate has told us that this is not a government resolution, that the government had nothing to do with this. Well, I find it very strange to hear from the Leader of the Government in the Senate that he had a phone call from none other than the Leader of the Government in the other place. It is most unusual, it seems to me, that the Leader of the Government in the other place, an extremely busy man, should be calling the Leader of the Government in the Senate on a private members' resolution. About government business, understood, but a private members' resolution! Since when does the Leader of the Government in the other place, the Prime Minister of this country, become involved with private members' resolutions, unless the government is backing the private members' resolution and is putting it through as a private members' resolution while it is really a government action? Short of that, I do not understand why the government leader, the Prime Minister of the country, gets involved in phoning the Leader of the Government in the Senate to urge him to circumvent the rules of the Senate to put through a private members' resolution. It just does not make any sense to me. I think there is a serious concern here about the independence of this place. If there are to be phone calls from the Prime Minister on the afternoon when this house has risen, and the government leader then calls an emergency sitting because the Prime Minister has said so, then I think it is high time that we have a good look at exactly what we are doing in this place.

• (1440)

An Hon. Senator: It was the government leader in the House, not the Prime Minister.

Senator Molgat: Oh, it was the government leader in the house and not the Prime Minister. Well, then, my argument is the same. The government leader in the House is the person responsible for getting government legislation through. That is his job. It is my recollection that with respect to private members' resolutions and private members' bills in the other place it is the job of the Leader of the Government to see that they never reach decision. That is the normal operation over there. They simply talk them out. The job of the government leader is to ensure that it does not happen. I have never known it to be his job to phone the Leader of the Government in the Senate and urge him to push forward a resolution and particularly in the circumstances of yesterday when an honourable senator exercising his rights had stated that he was not prepared to give consent and then half an hour later the government leader makes a decision and we are called back to the Senate.

What does that mean about the independence of this chamber? How can we possibly operate if that is going to be the practice in the future? I would like to know from the government leader when these various events took place in the other place, when these bills were introduced, and why he was not advised prior to yesterday afternoon at 4 o'clock that this resolution had to be passed yesterday, in the view of the Leader of the Government in the other place.

Hon. Henry D. Hicks: Honourable senators, I wish to associate myself with the views just expressed by Senator Molgat concerning the handling of this matter at two distinct sittings of the Senate yesterday. I associate myself particularly with his speculation—and in my view it is really more than a speculation and an inference that cannot be challenged—that the government must have known about the necessity of passing this resolution before December 10, that is, if you can agree with their views that it was necessary to do so, long before the resolution was introduced in the Senate at the last minute at yesterday's sitting, and that the government might very well have given both the House of Commons and this chamber more notice of their intentions. I realize that it was a private members' resolution, but it is quite obvious from what occurred subsequently that it had the support of the government and that the government was behind the passing of the resolution. Why then was the government so late in introduc-

ing the resolution or why was it introduced so late in this chamber?

I have two other observations to make arising out of yesterday's proceedings. The first was the calling of this special, distinct sitting. I am familiar with rule 14A.(1) which requires the Speaker to send a notice to each senator at the latest address of the senator filed with the Clerk of the Senate. I know of senators who received no such notice—not even a phone call. I suggest if one wanted to be technical about this one might say that yesterday's Second Distinct Sitting was a nullity because there was not a valid notice that came from the Speaker to all members of the Senate. It is true that a number of Liberal senators were gathered in caucus and that the Leader of the Government in the Senate, not through the Leader of the Opposition in the Senate but through the Deputy Leader of the Opposition in the Senate, pointed out that he planned to call a Second Distinct Sitting of the Senate. That notice was not universally given and there were senators who were not given an opportunity to attend that sitting. I am sure that that notice, if notice there was, was not received by many honourable senators of this chamber.

My final point has to do with the question of unanimous consent. I noted that Senator Macquarrie withheld his consent during the treatment of this matter at the First Distinct Sitting of the Senate. I wish that I had withheld my consent at that time, too.

Senator Flynn: Well put!

Senator Hicks: I was not in the chamber when unanimous consent was sought during the Second Distinct Sitting of the Senate and it is idle for me to speculate what I would have done had I been in the house.

Senator Walker: Who cares!

Senator Hicks: If this device is going to be resorted to in future to get around the position that a senator puts the house in by withholding his consent in a matter that requires unanimous consent, I, for one, am going to be much more careful in giving consent under these circumstances. I think that the Leader of the Government in the Senate ought to realize that and that he may find, as a result of having used this device, that he will fail to get unanimous consent in the future, at least insofar as I am concerned, on some other occasions—

Senator Walker: Oh! Oh!

Senator Hicks: —when he otherwise might have had it. I think that that is perhaps all that I have to say.

Senator Flynn: You have already said too much!

Senator Hicks: I am sorry that this unfortunate occurrence did occur and I hope it will not occur again. I welcome the fact that the Leader of the Government in the Senate has acknowledged that—because I have read the *Debates of the Senate* for the Second Distinct Sitting which I did not attend except for the first few minutes—and I am glad that he has given an assurance that this does not constitute a precedent. I hope that that will be the case, and if anything like this is ever tried again there will be much more difficulty in getting the concurrence of this house—

Senator Flynn: You'll be there to defend it.

Senator Hicks: —than there was yesterday.

Senator Flynn: Thank God for the rest of us.

Hon. Douglas D. Everett: Honourable senators, I have heard the arguments about the abuse of the privileges of this house and I fail to see how they were abused or how this action would set a precedent that would create abuse in the future. As I understand it, in the First Distinct Sitting Senator Macquarrie refused to give unanimous consent. The Speaker under rule 14A makes the decision as to whether the calling back of the Senate is a matter of public interest. Although the marginal note talks about an emergency debate, in fact the rule itself only requires that the Speaker be satisfied that the public interest requires that the Senate meet at a time earlier than previously set forth. Presumably, the Speaker did that in this case. This device has been used before to call back the Senate when legislation was ready to be enacted when the Senate was adjourned. It was never used for the purpose of an emergency as such. That is the marginal note. It was used when the Speaker determined there was a matter of public interest. That public interest, apparently, was satisfied when there was legislation to be passed while the Senate was adjourned. The implication of some of the speeches I have heard here today and yesterday is that Senator Macquarrie, by virtue of the second sitting, lost his right to object, which he could have exercised by refusing unanimous consent. However, the Rules of the Senate—and I would refer honourable senators to rule 45—require one day's notice.

● (1450)

Senator Macquarrie, had he wanted to come to this chamber on the second sitting, could, indeed, have refused to give his consent to the motion, and that would have been enough to stop the motion proceeding at that sitting.

It could have been that we would not have had a second sitting, in which case we would have come back today to consider the motion and there would be no necessity for unanimous consent because we would have had one day's notice of the motion.

There is no abuse here. We are not talking about a situation where senators' rights are going to be trampled upon. If this were to happen again, an individual senator would have the right to object and could exercise that right by refusal of unanimous consent. Where is the abuse? If we come back the following day, that senator has been given the required one day's notice.

What fascinates me is that we all agree with the substance of the resolution.

Hon. Senators: Hear, hear.

Senator Everett: We were prepared to come in here and vote on it. If there is an abuse, then it relates only to procedure, and I am suggesting to you, honourable senators, that no such abuse exists, nor will it exist in the future.

The only area I can see where we can really object is that it would appear that the notice was incorrectly given. If that is so, then I would have thought that, when the second sitting started yesterday, a senator objecting that the notice was incorrectly given would have had the ear of the Speaker and of this house, and that particular sitting should not have proceeded.

The fact of the matter is that nobody objected, and, when we came to the resolution, it was given unanimous consent. This does not and will never create a precedent that is a danger to or an abuse of senators' rights.

Hon. Senators: Hear, hear.

Senator Molgat: Perhaps Senator Everett would permit a question. Senator Everett has said that this has been done previously.

Senator Flynn: That was the last argument.

Senator Molgat: I am not asking Senator Flynn the question. He may not like the debate, but that is unfortunate and I can quite understand why he would not.

Senator Flynn: Just wait.

Senator Molgat: My question to Senator Everett is: Does he know of any precedent when the house has been called back on the same day for a second sitting, under this rule?

Senator Everett: No, I most certainly do not. I think what happened yesterday was unusual.

What I was referring to was the fact that this rule has been used in the past, not for emergency purposes, but in order to call the Senate back to deal with ordinary, everyday legislation which appeared on the order paper while the Senate was adjourned.

There is nothing of an emergency nature about this resolution, but that has been the implication of this side of the house—that there has to be a palpable emergency. I am telling honourable senators that the precedent of this chamber does not require it to be an emergency.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I do not want to prolong the duel Senator Everett and I had yesterday, but I do want to get something straight. He seemed to base his point very clearly on the fact that unanimous consent would have been necessary on the second occasion yesterday.

I really think that is wrong, and I think the record shows it to be so. It says in the *Minutes of the Proceedings of the Senate*:

> The Honourable Senator Nurgitz moved, seconded by the Honourable Senator Murray, that the Message be placed on the Orders of the Day for consideration at the next sitting of the Senate.

It does not state that it be treated as notice for the next day, but that it be placed on the Orders of the Day for consideration at the next sitting of the Senate. The Second Distinct Sitting was the next sitting of the Senate and, when the matter came forward, we gave leave not to debate the motion; we gave leave to stand everything until that order was dealt with. You will remember that the clerk at the Table stood and did not read a motion; he read an Order of the Day. There was no need for unanimous consent to deal with that Order of the Day.

The consequence was that there was no right in any senator to object or to say that he was not giving leave because no leave needed to be asked for in order to deal with an Order of the Day that was on the order paper for the next sitting, that being the next sitting.

Senator Flynn: You are not serious.

Senator Frith: I certainly am. What is happening is that Senator Everett, my colleague, has made a point which is not supported by the record; it is that simple.

Senator Flynn: Your point is not supported.

Senator Corbin: There, it is in the record.

Senator Flynn: Whom did I hear in that corner? It would be much better if Senator Corbin were on his feet because I should like to have him behind me.

When it was moved that the motion be put on the Orders of the Day for the next sitting, what did it mean at that time? It meant today.

Senator Frith: No, it did not.

Senator Flynn: It is so obvious. The honourable senator is playing on words, and I think, in these circumstances, he should be the last one to intervene.

Senator Frith: Let us understand that I concede there are two versions. I concede that Senator Everett can certainly base his point on Senator Flynn's version of the record. I simply wanted to point out that Senator Nurgitz's motion was that it be placed on the Orders of the Day. That is a fact and that is what the record shows. It is not Senator Flynn's record; it is only, modestly, the official record of the Senate.

Senator Flynn: But Senator Frith is suggesting that we could use that device to get around procedure.

Senator Frith: I did not say that. In fact, I specifically said yesterday that I was not saying that.

Senator Flynn: I know what you are doing with your majority.

Senator Frith: I said I was not suggesting that.

Hon. Charles McElman: Honourable senators, I very much appreciate the discomfort of the Leader of the Government in the Senate in the circumstances in which he has been put. I have great sympathy for him. He has been placed on a sticky wicket, and that is unfortunate.

However, it is unfortunate not just for him; it is unfortunate for the Senate.

Yesterday, during our second sitting, I spoke of precedents and said that the precedent being established was that the one purpose of the special sitting had been to circumvent the refusal of one of the members of this body to give unanimous

consent to the passing of a motion. That is a substantial and very serious precedent.

Senator Roblin: Your statement is incorrect.

Senator McElman: That had to be the one purpose—to circumvent the refusal to give unanimous consent.

Senator Frith: We could have put it on the Orders of the Day.

• (1500)

Senator McElman: If unanimous consent had not been refused, there would have been no second sitting yesterday. Therefore, the one purpose of the second sitting was to circumvent what an honourable colleague had done in all conscience, giving his reasons for his action—

Senator Flynn: No.

Senator McElman: —and the sitting concluded.

Senator Flynn: With respect, no.

Senator McElman: Therefore, a second sitting was convened and activated to circumvent that action by one honourable senator. That is a dreadful precedent. It is something that every senator should be concerned about.

If, after having received a call from the Leader of the Government in the other place—which, in my view, was an audacity—the government party in this place, in a minority position, proceeded to take the action that it did, what in God's name would it do with a majority in this house?

Senator Roblin: You could have stopped it any time you liked.

Senator McElman: That is part of my concern. Again, I think it should concern all of us.

Honourable senators, yesterday the Leader of the Government in the Senate was asked repeatedly by the Leader of the Opposition and by others to provide to the Senate an explanation for this urgent second sitting. He was asked why it had to be called and how the public interest was to be served by it. Repeatedly, in answer to those questions, he replied that he really did not have the information to give to the Senate. I think that it was very gracious of the Leader of the Opposition not to press that to the conclusions he might have done during the debate. I know that the Leader of the Government appreciated that. We have heard the proposition put forward by Senator Everett and others that there is no precedent-setting concern here. However, since the Leader of the Government told the Senate that he really did not know at that time the reasons for it but that he would endeavour to find out and advise the house today, I ask honourable senators to consider that he or someone at his behest and on his behalf had to have advised the Speaker in sufficient detail and substance that the Speaker would have been satisfied, in the words of our rule, that "the public interest" would be served by taking this extraordinary and unusual action. The Leader of the Government told us that he did not have that information, yet the extraordinary action was taken following advice to the Speaker of the Senate. We have not been told what that advice was—that advice of sufficient quality and urgency that the Honourable the Speaker felt that the provisions of rule 14A had been met. That is a second aspect of precedent. The Speaker is not here in a capacity to serve the government, but to serve the Senate.

Senator Flynn: What did you say? Did you say that the Speaker has erred?

Senator McElman: I said that the Speaker is "here".

Senator Flynn: Oh; I did not hear that, but if it were pronounced correctly—

Senator McElman: Now we get lessons in elocution from Senator Flynn, in addition to his constant abuse not only of the rules of the Senate, necessarily, but of the privileges of the Senate and of the privileges of individual senators, which he daily and constantly abuses, not to mention the undercutting of his own leader, which he does day in and day out, and the embarrassment of his own leader, which he causes day in and day out. I have tremendous sympathy for Senator Roblin.

Senator Roblin: Keep your sympathy for yourself. I am satisfied with the conduct of my friend.

Senator McElman: I will extend my sympathy as I see fit. As I say, sir, for the Leader of the Government in the Senate I have, daily, great sympathy for what he has to put up with from the one who sits immediately across the aisle from him.

I believe that, on this point of order that we are debating, because of the situation of the Honourable the Speaker being involved, there is an obligation upon the Leader of the Government to tell the Senate what information he provided to the Speaker to satisfy him that this unusual and extraordinary sitting of the Senate should be held.

Returning, again, to the matter of the precedent that it is alleged exists for what happened yesterday, I will say that there is no precedent, certainly not in the memory of any honourable senator in this chamber. There were occasions when the Senate was adjourned and recessed, where it was clearly understood when the Senate took the adjournment that if and when government business in the form of legislation did arrive for the Senate to act upon, there would be no dissent on the part of the Speaker under the provisions of what is now rule 14A. Those notices were sent and they were sent properly. Does that create a precedent for the events of yesterday? Of course, it does not. In those instances it was the responsibility of the Leader of the Government in the Senate of that day to provide to the Speaker the information that showed that the public interest would be served by the recall of the Senate from its adjournment. Then, as I said yesterday, the Senate immediately re-assembled, whereupon the Leader of the Government in the Senate advised senators of the business that required them, in the public interest, to re-assemble. It was always done on the basis of legislation that had come forward. It had nothing to do with being a precedent for the events of yesterday.

Did the events of yesterday constitute an emergency or most unusual circumstance in the public interest? I suggest not

necessarily, because certainly the Senate was not apprised nor convinced of the need for such a sitting in the public interest. Senator Everett kept referring to this rule as "this device". It was never used as a device. It was used as a proper rule of the Senate by which to conduct the proper procedure of the Senate to bring senators back to their activities. It was not a device; it was a rule and a properly used rule. Yesterday it was a misused rule.

Honourable senators, I come back to what I believe to be a fact. I know there is disagreement from the other side; but there was a dreadful precedent established yesterday which, in my view, has to be eradicated to prevent possible future use in this body. We had a special sitting to circumvent the action of a senator who simply exercised his right and privilege to do what he did, and there was no other purpose for that sitting to be held. It would not matter what he did at the next sitting had he been here. That would have had no bearing whatsoever. The second sitting would still have been called to nullify the right, the privilege, that that senator had exercised at the first sitting. That is one fact that cannot be changed, and it is the awful precedent that faces this chamber, and it must never be permitted to stand, or permitted to be used again, because of the possibility of its misuse in the worst way.

• (1510)

Hon. John M. Godfrey: Honourable senators, I rise as a lawyer and not to get into the general debate. For the record, I do not agree with Senator Frith, and I do agree with Senator Everett on the interpretation of rule 45. Rule 45 is quite clear. It says:

> One day's notice shall be given of any of the following motions: . . .
>
> (h) for the making of a substantive motion;

If we refer to the definition section, 5(i) is even clearer; it says:

> "one day's notice" means a notice given on any sitting day for a motion or inquiry to be made on the next succeeding sitting day;

And the next sitting day would be the next day the Senate sat and not the next sitting. It is clear and unambiguous. What we had to do yesterday at the second sitting was to circumvent the Rules of the Senate, and that could be done under section 45, which says:

> One day's notice shall be given of any of the following motions:
>
> (a) to suspend any rule or any part thereof;

And that is what we did yesterday at the second sitting with unanimous consent. There is a question that I would like to ask, which I believe is rather important. It is on the matter of whether Senator Macquarrie was actually overruled against his wishes. Was the Speaker of the Senate, before he called us back, informed that Senator Macquarrie had changed his mind and would not object to considering the motion? I believe that to be very important, as to whether the Speaker was informed of that before he agreed to reconvene the Senate. I am asking that question because I do not want a precedent to be established. I do not want anyone to think that the situation can be repeated in future without the unanimous consent of the Senate and without the consent of the senator who originally refused unanimous consent.

[Senator McElman.]

Senator Roblin: Honourable senators, I should like to answer the question by saying that before any move of any kind was taken, Senator Macquarrie was apprised of the difficulty in which I found myself; and so he had a full opportunity to do whatever he saw fit. But he was consulted first.

Senator Godfrey: My question was whether the Speaker was advised of that fact when he was persuaded to call us back, because I want it established for the future that he should not do that without being informed that the member who had originally objected had withdrawn his objection. My question was whether the Speaker was informed.

Senator Roblin: To the best of my knowledge, he knew everything I knew.

Senator McElman: Honourable senators, on the point raised by Senator Godfrey, he read the rule quite correctly. I regret that I do not have with me a copy of *Bourinot* or *Beauchesne*, but I believe that reference to those authorities will show that although the honourable senator read the rule correctly, he did not interpret it correctly. I believe that honourable senators will find that all of the precedents indicate that a session is considered a day, and a day is considered a session in parliamentary terms. Therefore yesterday we had two days of Parliament.

Senator Flynn: You are as bad as Senator Frith.

Senator McElman: You are at it again, senator.

Senator Flynn: You are.

Senator McElman: I am doing it properly, on my feet—

Senator Flynn: That's not what you are saying—

Senator McElman: —not insultingly from my seat. I am doing it on my feet. Why don't you stop yapping from your seat and act as a gentleman should in this chamber?

Senator Flynn: I can stand up. If you want to sit down, I will speak.

Senator McElman: I don't want to sit down.

Senator Flynn: Then be content with the situation.

Senator McElman: If you rise on a question of privilege, I will sit down, always; but until you do, I would appreciate it if you would just observe the rule.

Senator Flynn: But you are wrong.

Senator McElman: So, in parliamentary language, "session" is "day" and "day" is "session"; and yesterday we had two days of Parliament—and reference to the precedents will show that. When we talk about two days' notice, we talk about two sitting days, two days of Parliament. Yesterday we had two days, in parliamentary terms, and that is the only thing wrong with the proposition made by Senator Godfrey.

Senator Flynn: "Oh Lord, have mercy."

Hon. Heath Macquarrie: Honourable senators, yesterday was my anniversary of being on Parliament Hill for twenty-eight and a half years—

Hon. Senators: Hear, hear.

Senator Macquarrie: —and in all those years I never inspired, directly or indirectly, such debate as I have heard today; and I do not know whether to be glad or sorry that in some way I have become a catalyst. I was drawn into this debate because of a remark by Senator Godfrey. It is a little unusual to ferret into the reasons for one's vote in a legislative body, and even more unusual to speculate on how he would conceivably vote in a succeeding opportunity to cast it. That, I thought, was a bit unusual.

I feel that the debate, while interesting, is somewhat unfortunate in that much time has been spent today over what was done or not done yesterday; and there are times when I heard eloquent remarks from across the way that I would perhaps say, if I were given to slang: "Where were all of you yesterday?"

I can only say, since Senator Godfrey raised the question, that had I been here at the Second Distinct Sitting, I would have taken the same course of action as I did two hours earlier. But I advised my leader—who handled the matter, insofar as I am concerned, with impeccable good taste, consideration and a great deal of wisdom—that I thought, considering all of the alternatives, that I would not attend the session. In fact, I was in my office—and, if one can say anything off the record in a public place, I received a few phone calls from colleagues who told me that they thought I had done the right thing in reference to opposing such hasty action.

However, I wish to say that while I do not believe that the Second Distinct Sitting was one of the finest things that was ever done on Parliament Hill, I do not believe that really much is gained in fulminating over the past or deploring what was done—because obviously a great many people were involved in doing it. I read that a number of senators were here and the whole matter went through.

I thought that the main purpose for that meeting required more time. I would have made my speech on the matter today. In fact, I probably would have had views about the Soviet Union that would be a little different from some that have been put forward. But we are not having a debate and therefore I cannot give them. But I thank all those who are solicitous. I do not feel happy about what happened. I do not rejoice. But I do not feel that I am particularly circumvented. It has not been unusual for me, in my public life, to find myself in a minority, and it is not even unusual to be in a minority of one; and had even one colleague had the same view as I had in the first sitting and expressed it in the second, today's debate would not have taken place.

● (1520)

Hon. Len Marchand: Honourable senators, I do not intend to enter this debate in a substantive way. I rise merely to protest against the fact that I believe that my privileges as a senator were interfered with yesterday. I was not properly notified of the so-called Second Distinct Sitting. When I left the Centre Block via the Senate door yesterday at about 3.55 o'clock, after our caucus meeting, I was notified by the constable at the door that there would be a sitting of the Senate at 4.15 o'clock. I proceeded to a meeting that I had scheduled in the East Block for 4 o'clock, a briefing on the Lyell Island and South Moresby situation. At 4.20 o'clock, during the briefing, I was handed another note by one of the staff present to the effect that the 4.15 Senate sitting had been cancelled. I object on behalf of the some 23 other honourable senators who may not have been properly notified as well. I believe that that is the number of senators who were not present at the Second Distinct Sitting as opposed to the First Distinct Sitting.

Since being appointed to this chamber I have been rather, not proud, but happy with my attendance here. I have always prided myself on doing my job, taking part in the workings of this place and attending sittings on most occasions. If I am absent, it is for a very good reason. In most instances it is because I have public business in other parts of the country. I object most strenuously to not being recorded as being present for the so-called Second Distinct Sitting.

Hon. Eymard G. Corbin: Honourable senators, I would like to inquire of someone—and I am sure that there is someone present who can give me an answer—whether or not the absence of senators from the Second Distinct Sitting has financial implications for them individually.

Senator Flynn: That's the most important question raised today.

Senator MacEachen: You are very venal.

Senator Corbin: As I understand it, a record is kept on the attendance of honourable senators. Honourable senators are allowed to be absent from a certain number of sittings for specific reasons other than attendance to public business, reasons of health or what-have-you. However, in this instance I am not quite sure of the implications of or the procedure that applies to the second sitting. If, indeed, as Senator Marchand has stated, improper, insufficient or incorrect notice has been given to some of our colleagues, a notation will be made on their record of attendance or record of absence, which ever way you choose to put it. Again, I would make the point that I made yesterday, that the basic privileges of senators who have not been properly notified are affected as a result of the second sitting, and I think that this matter ought to be resolved. Insofar as attendance is concerned, do we simply count the two sittings yesterday as one sitting or two sittings? The *Mininutes of the Proceedings of the Senate* refer to two distinct sittings. I would like some explanation from any quarter as to the implications of the problem I have just outlined.

Hon. Thomas H. Lefebvre: Honourable senators, I would like to put on record my personal feelings on what happened yesterday. In my 20 years in Parliament—19 years in the other place and approximately one year here—I have never seen anything to match the fashion in which the sitting of this parliamentary body was convened as it was yesterday. I can

think of only one phrase that describes the way in which senators were called back to sit yesterday and that phrase is, "bush league operation." It is simply not the fashion in which a constitutional body of the Parliament of Canada should be convened to sit on what I believe was an important matter, the matter of a resolution, which I supported and was quite happy and willing to support, in spite of the fact that I did not receive proper notice of that resolution. However, that can happen.

What I find rather odd—and it has not been fully explained insofar as I am concerned—is that we were informed that a decision was taken about one week ago by the other House to organize some kind of ceremony or reception for yesterday in which we would honour, for the first time in our history, a foreign national by conferring honorary Canadian citizenship. This, I believe, is an important precedent in our history, and there may be others in the future. Yet, the leaders of this chamber, insofar as I have heard, were unaware of the organization of this event in the other place. Knowing full well that the Parliament of Canada is composed of two bodies, the House of Commons was ready to put a resolution through, knowing full well that it would have to ask the Senate to adopt the resolution also to make it official on behalf of the Parliament of Canada. Yet, insofar as I know—and if somebody knows any different, I invite them to get up and explain—no communication was entered into between the other place and this chamber, between the Chair of the other place and the Chair of this chamber, between the Leader of the Government in the other chamber and the Leader of the Government in this chamber or with anybody else who is an official of this house. As one who has defended the rights of Parliament throughout my career and who has been involved in the reform of Parliament as much as, if not more than, any member in this house or the other one, I find it an aberration that in this day and age two chambers, three hundred to four hundred feet apart, cannot, even in an elementary fashion, communicate between themselves about a decision which I consider to be very important. I, for one, hope that this will never happen again, and I ask honourable senators to be ever vigilant to ensure that it does not happen again.

[*Translation*]

Hon. Pierre de Bané: Honourable senators, should we or should we not honour a foreign citizen and, in the affirmative, how should we proceed? Naturally, several formulas have been suggested; according to tradition, cities, the provinces or the federal government honour Canadian or foreign citizens.

I would not want to join in this debate today. However I would like to say I was deeply saddened to learn that the Senate was called for a second distinct sitting yesterday without the Leader of the Opposition in the Senate being forewarned.

I did not take part in the debate yesterday for the simple reason that I was not in Ottawa. The principles advocated by the various speakers, particularly by my colleagues Senators Lefebvre, Marchand and Macquarrie, attest to the significance of the principles at stake here. I would suggest that this house can be convened only with due regard for the rules and regulations which govern all of us. For that reason, without being anximous to debate the basic issue, I sincerely deplore yesterday's incident. I hope the Leader of the Government in the Senate will never again convene a sitting under such irregular circumstances.

[*English*]

Hon. M. Lorne Bonnell: Honourable senators, I do not intend to get into this debate, but I distinctly remember that yesterday, after we had debated for about ten minutes in the second sitting, asking for the doors to be opened. It seems to me that you then, Mr. Speaker, gave the order that the doors be opened. I think it was I who asked that that be done, and the record shows that it was I, but my friend down in the corner did not see me because, according to the records, I was not here at all. Therefore, just in case I get to my 21 or 22 days, I would like to have the record corrected to show that I, in fact, was here yesterday and that I did make those remarks.

Senator Flynn: We heard you.

Senator Bonnell: Yes, you heard me.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

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

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

He said: Honourable senators, perhaps I could interrupt the debate for just a moment to call the attention of the Senate to a predicament in which the Standing Senate Committee on Legal and Constitutional Affairs finds itself. They have a meeting scheduled for when the Senate rises, which they had anticipated, with good reason and judging from precedent, would occur around 4 o'clock or perhaps earlier. Witnesses have been called to appear before that committee and should be there at that time. I wonder if we could have the permission of the Senate, notwithstanding the appropriate rule, for that committee to sit while the Senate is sitting this afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

RAOUL WALLENBERG—RESOLUTION APPROVING CONFERRING OF HONORARY CANADIAN CITIZENSHIP—NOTICE OF MOTION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I do not wish to add to the remarks which I have already made, and which other honourable senators have made, all of which express the gravity with which the events of yesterday are viewed, I believe, by most senators in this chamber. I suggested to honourable senators earlier that I would seek leave to move a motion to deal with this matter, and I would like to seek that leave, notwithstanding rule 45(1)(h), to move the following motion:

> That the events of December 10, 1985, relating to the Second Distinct Sitting were irregular and unacceptable, and are not to be considered as a valid precedent.

If leave is not forthcoming to deal with the matter now, of course, I will give notice.

Hon. Jacques Flynn: I do not intend to refuse leave, but I would suggest that your motion be put on the Orders of the Day to be dealt with later, if we have time, since I do not think there is any urgency about the matter.

Therefore, as far as I am concerned, it can be put on the Orders of the Day at the proper place and we can deal with it later today, if the Leader of the Opposition so wishes.

Some Hon. Senators: Agreed.

FINANCE

RESTRUCTURING OF FINANCIAL INSTITUTIONS—INTERIM REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE TABLED

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, on behalf of Senator Murray, who has gone to chair his Banking, Trade and Commerce Committee meeting, I have the honour to table the tenth report of the Standing Senate Committee on Banking, Trade and Commerce. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

Honourable senators, I would also, at the same time, call the attention of the Senate to the fact that five honourable senators, who were directors of companies that come within the purview of the green paper, withdrew as members of the committee during consideration of this reference. They are Senators Buckwold, Balfour, Kelly, Kolber and Sinclair. A number of other committee members stated for the record at our first meeting on this reference that they have shareholdings in financial institutions. These statements are to be found in the verbatim proceedings of the committee for September 12, 1985.

The chairman and members of the committee felt it important that these facts should be placed on the record of this honourable chamber.

The Hon. the Speaker: Is it agreed, honourable senators, that this report be printed as an appendix?

Hon. Royce Frith (Deputy Leader of the Opposition): I would like to say something about that matter, honourable senators. During discussions in the Internal Economy Committee with respect to the estimates, we recalled that on previous occasions we had noted a significant difference between the expense of tabling of documents, which could be copied by photocopy in committees and in the Senate, and the expense of having them appear as an appendix. The committee felt that the Senate and its committees ought to consider having appendices tabled and copied, rather than having them appear as part of the *Debates of the Senate*, whenever possible.

In a moment, I intend to table a report of the Internal Economy Committee and, at that time, I will ask not that it be printed as an appendix to either the *Debates of the Senate* or the *Minutes of the Proceedings of the Senate* but that it be photocopied and circulated to all honourable senators. It might be that Senator Doody would consider recommending, on behalf of that committee, that we simply table this report rather than have it appear as part of the minutes, since it is a very thick report.

Hon. Duff Roblin (Leader of the Government): You will distribute it however?

Senator Frith: Yes, I will.

Senator Doody: I must agree with Senator Frith on this matter, honourable senators. It has been a matter of contention and concern in the Internal Economy Committee during its recent examination of the estimates. I am sure that Senator Murray will be only too happy to accede to the request of Senator Frith.

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

Hon. Senators: Agreed.

PETROLEUM AND GAS REVENUE TAX ACT INCOME TAX ACT

REPORT OF NATIONAL FINANCE COMMITTEE ON SUBJECT MATTER OF BILL C-82 TABLED

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, on behalf of the Standing Senate Committee on National Finance, I have the honour to table its eleventh report respecting the subject matter of Bill C-82 intituled: "An Act to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act."

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT OF COMMITTEE ON SENATE ESTIMATES FOR 1986-87 TABLED

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on behalf of His Honour the Speaker, the chairman of the Standing Committee on Internal Economy, Budgets and Administration, I have the honour to table the estimates of the Senate for the financial year 1986-87, as approved by that committee.

Honourable senators, I move that the estimates be placed on the Orders of the Day for consideration at the next sitting of the Senate.

I ask that I be given leave to make a somewhat parenthetical comment at this time. Senator Doody and I were surprised to find that, although rule 67(g) provides that:

> The Committee on Internal Economy, Budgets and Administration, composed of fifteen members, four of whom shall constitute a quorum, which is empowered on its own initiative to consider any matter relating to the internal economy of the Senate, including budgetary matters and administration generally, and to report the result of such consideration to the Senate.

● (1540)

apparently it has not been the custom in the case of estimates to table them and make them part of a report.

We have been talking a great deal today about precedents. Senator Doody and I came to the conclusion—and perhaps other senators will agree—that if that has not been a precedent it ought to be, and that honourable senators ought to have an opportunity to see the estimates for the following year. Honourable senators will recall that last year we did not get that opportunity, but the reason for that was that the Senate had not organized its committees in time to do so.

I make that comment because the document that I have tabled will be circulated. It is in that context that honourable senators will be asked to look at it, and, in due course, approve the report.

Motion agreed to.

QUESTION PERIOD

EXTERNAL RELATIONS

FAMILY PLANNING PROMOTION—GOVERNMENT SUPPORT AND POLICY

Question No. 15 on the Order Paper—*By Hon. Lorna Marsden:*

> 18th September—1. With regard to the September 5, 1985, announcement by the Minister for External Relations of a contribution of $500,000 over a period of three years to the International Federation for Family Life Promotion, what is the size of the contribution made by the Canadian government to other forms of family planning operations, including modern methods of family planning?
>
> 2. What links does the Minister of External Relations have with the newly announced United States policy exempting their agencies from explaining a variety of forms of family planning if they are promoting the rhythm method of family planning?

[Senator Doody.]

Reply from the Minister for External Affairs:

1. Canada, through CIDA, supports family planning and associated activities through multilateral, bilateral and special program (non-governmental organizations) channels. Major recipients of such funds are the United Nations Fund for Population Activities (UNFPA) at $10.4 million in 1985-86, and the International Planned Parenthood Federation (IPPF) at $7.2 million in 1985-86. Both organizations are involved in projects and programs which cover the full range of family planning methods, including natural family planning.

In addition, a number of prominent Canada NGO's, including church-based organizations, provide family planning services as an integral part of primary health care, maternal and child health, or community development projects. While it is difficult in such cases to establish a dollar figure for activities related to family planning alone, a total of $10.8 million was committed by CIDA to NGO's in fiscal year 1984-85 for their projects in the health and population sectors.

In terms of bilateral programs activities, Canada is supporting a number of projects such as women's cooperatives in the Bangladesh Population II/World Bank/Donor Consortium project ($6 million in 1980-85) and Dai (traditional midwife) training in Pakistan ($3.8 million in 1983-86). While these projects are associated with larger recipient-government family planning programs, they are not themselves directly involved in family planning service delivery. Recently, the government approved a project for Bangladesh (the family planning support project at $9.4 million over three years) which will supply Canadian-made oral contraceptives to the Government of Bangladesh Population Control Program, assist in strengthening the contraceptive distribution logistics system, and finance local research to monitor acceptability of the Canadian-made product.

2. None.

ENERGY, MINES AND RESOURCES

HIBERNIA DRILLING PLATFORMS—CONSTRUCTION SITE LOCATION CRITERIA

Question No. 14 on the Order Paper—**By Hon. Jack Marshall:**

17th September—1. What locations were considered as construction sites for Hibernia drilling platforms and what criteria were followed in the selection?

2. What advantages were considered favourable to the sites chosen?

Reply from the Minister of Energy, Mines and Resources:

1 and 2. In May 1985, Mobil Oil Canada Ltd., the proponent for the proposed Hibernia development, submitted an Environmental Impact Statement (EIS) to the joint federal/provincial Hibernia Environment Assessment Review Panel. The EIS details in general terms the site location requirements for the various construction-related activities associated with the proposed Hibernia development. To date, no specific site locations have been proposed by Mobil.

It should be noted that on August 20, 1985, Newfoundland's development minister, Hal Barrett, announced that the province had designated two Placentia Bay communities—Argentia and Adam's Head—as their preferred choice as construction sites of the concrete, gravity-based production platform for the Hibernia oilfield (the former for the steel fabrication of deck and topside assembly, and the latter for construction and mechanical outfitting of the concrete structure).

In September and October, 1985, the public hearings for the proposed Hibernia development were held in communities throughout Newfoundland. In December 1985, the panel will present its report to both the federal and provincial governments through the Canada-Newfoundland Offshore Petroleum Board. Both governments will use the recommendations of the panel as part of the approval process for the proposed development, including decisions associated with site location for the various construction activities.

INCOME TAX CONVENTIONS BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Macdonald (*Cape Breton*), for the second reading of the Bill S-6, intituled: "An Act to implement an agreement between Canada and the Union of Soviet Socialist Republics, a convention between Canada and the Cooperative Republic of Guyana and an agreement between Canada and India for the avoidance of double taxation with respect to income tax".—(*Honourable Senator MacEachen, P.C.*).

Leave having been given for the resumption of the debate by Senator Hicks:

Hon. Henry D. Hicks: Honourable senators, my attention was first directed to these tax convention bills when I sponsored some of them in the Senate in April of 1980. It is rather interesting to note that at that time there were 16 conventions which Canada had negotiated with various countries of the world. Including the ones piloted through under my tutelage at that time, the number rose to 24. Now Senator Doody has told us that that number has risen to 36, and will rise to 42 when treaties currently under negotiation—and some signed but not ratified—have, in fact, been ratified.

Well, that shows a respectable progress, though I note that I was told at the time I made my speech in April of 1980 that the number which was then 24 was expected to rise by 40; that would make a total of 64. In the past five years it has risen to 42. So, one hopes that we will continue pressing for the implementation of these tax treaties which save double taxation of Canadian citizens and of foreign citizens who have income in Canada and in their own country, and who, under the current arrangements without a tax treaty, may pay unnecessarily high taxes on that income.

I have only a couple of observations to make, because Senator Doody's explantion of this bill, though it was in line with explanations which sponsors of these types of bills have given from time to time, was complete and gave all of the information that the Senate needed.

First of all—and I hope my friends opposite will appreciate this point in view of the atmosphere in relation to them which has pervaded this house over the past two days—I must commend the government because the U.S.S.R. treaty, which is one of the subjects of this legislation, was only signed in June of 1985, and will be ratified as soon as this bill becomes law. The treaty with Guyana was only signed on October 15, 1985, and will also become law as soon as this legislation is enacted. The treaty with India was only signed on October 30, 1985.

This is a very good record, and I commend the government for securing ratification of the treaties so promptly. This has not always been the case. Very often there has been substantial lag between the time the treaties were signed and the time they were ratified. That, of course, means that citizens of this country and of the other country with which the treaty is being made—or the arrangement or accommodation—do not get the benefit of the tax savings until the treaties have, in fact, been ratified.

I must point out, however—and I take this from Senator Doody's remarks—that there were treaties signed between Canada and Brazil, the Cameroons, the Ivory Coast, Kenya, Sri Lanka and Zambia in 1984, and some in 1985, which have not yet been submitted for ratification. Having commended the government on the prompt submission for ratification of the three treaties now before the Senate with the U.S.S.R., Guyana and India, may I urge the government to try to secure, as quickly as possible, the ratification of the treaties with the six countries which I have just named.

One other observation I would make is that in reading this bill one will see—and I will not go through the details of it again because, as I just pointed out, Senator Doody's explanation of the bill is totally adequate and will provide honourable

senators with whatever information they require in order to understand the significance of the various treaties—that they vary significantly from country to country. It certainly would be desirable if Canada could seek to make these tax treaties more uniform.

Having said that, I suppose I must admit that it is not only Canada that can do that, because, in every case, Canada is dealing with another country which, itself, is probably seeking tax accommodations with various other countries of the world. It is a shame that there is so much variety in the arrangements which are made in these treaties. If one understands perfectly the treaty made with the United Kingdom, that does not mean one understands the significance of treaties with Barbados or the U.S.S.R. Perhaps that is a situation that cannot be remedied. I know some of the people in the Canadian government department responsible for negotiating these treaties and examining their ramifications. I believe them to be competent people and I say to them that if it is possible to design treaties that are more nearly consistent the one with the other, that would, in itself, be a benefit to Canadian taxpayers.

Honourable senators, this legislation is usual, not in any way out of the ordinary, and deserves the support of this house.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Doody speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Doody: Honourable senators, I appreciate the comments of the Honourable Senator Hicks. I realize that he has sponsored many bills similar to this one in this chamber on previous occasions.

I note that he calls to our attention the fact that there are treaties still waiting to be ratified and that it would be in the interest of all countries involved if the process were speeded up. I certainly could not agree more. I know that there are applications for agreements in the appropriate government department which have been waiting for a number of years even to be brought forward. One that was brought to my attention recently is the proposed one with the Republic of Malta. That country has had an application filed since 1981. That application is awaiting action. I will certainly do what I can to try to chase that one down because I agree with Senator Hicks when he says that these are very important, particularly to small countries such as the Republic of Malta, or developing countries such as Guyana.

Mentioning Guyana brings me to the second point Senator Hicks raised, and that is the desire to have the treaties as uniform as possible. I do not think there is any question that the Government of Canada, whatever its political stripe, will see the merit in that. I think the difficulty is on the other side. Guyana, obviously, has different problems in terms of interest rates and in terms of withholding taxes, and so forth, since it is a developing country.

So, within the limitations imposed by various countries with which Canada negotiates these arrangements, certainly the maximum amount of uniformity is desirable. I have no doubt that the officials responsible are aiming in that direction, or at least that is the impression I have received from speaking with them.

• (1550)

In any event, honourable senators, I have no hesitation in joining Senator Hicks in commending this bill to you for second reading.

Motion agreed to and bill read second time.

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

Hon. C. William Doody (Deputy Leader of the Government): I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Hon. Henry D. Hicks: We do not feel it necessary to refer these treaties to a committee. In the past, perhaps due to the dominant influence of the then chairman of the Standing Senate Committee on Banking, Trade and Commerce, these bills were referred to that committee. I think they might, with equal propriety, be referred to the Standing Senate Committee on National Finance or even the Standing Senate Committee on Foreign Affairs, although I agree that reference to the Banking, Trade and Commerce Committee has been, more or less, the standard practice.

However, if it is the wish of the chamber to give this legislation third reading without reference to a committee, I have no objection.

Senator Doody: I have no hesitation in moving that the bill be referred to committee. The only reason I did not do so was because Senator Hicks agreed that there was nothing unusual or controversial about it.

I would point out, however, that two committees of the Senate at least—I do not know about the situation regarding the Standing Senate Committee on Foreign Affairs—are overloaded at the present time. Both the Standing Senate Committee on Banking, Trade and Commerce and the Standing Senate Committee on National Finance have full dockets.

Nevertheless, I spoke to Senator Murray, the chairman of the Standing Senate Committee on Banking, Trade and Commerce, and he agreed that if it were the wish of the Senate that the bill be referred to his committee for examination, he would certainly see to it that that wish was accommodated and his committee would consider the bill.

Senator Hicks: Honourable senators, I have put my observations on the record. I cannot even describe them as "reservations." I do not think it is necessary to refer this bill to committee.

However, I would like my observations to be on the record so that, when the next bill or bills of this type come along, which may contain some more unusual feature, we will not have established a precedent of never referring them to committee.

Senator Doody: I fully agree with Senator Hicks.

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

THE ENVIRONMENT

AIR POLLUTION ON PARLIAMENT HILL AND PUBLIC EDUCATION CAMPAIGN—MOTION WITHDRAWN

On the Order:

Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Petten:

That the Senate urge all Senators and drivers of other vehicles on Parliament Hill to abandon the practice of leaving vehicle engines running within the precincts of Parliament Hill as such practice adds to environmental damage and, further, the government should launch a public education campaign inviting all Canadians to do the same and to invite the provincial governments to take the same steps; and

That a Message be sent to the House of Commons to acquaint that House accordingly.—(*Honourable Senator Flynn, P.C.*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I want to confess that I made this motion a bit precipitately. We had received a message from the other place and I wanted to bring the matter before the Senate. However, I have had an opportunity to study the wording of the motion and I must say that I do not care much for it. I have had some help in attempting to re-word the motion. My objection to it is, essentially, grammatical.

I have also had an opportunity to consider the points raised by Senator Flynn and, perhaps, rather than simply pass this, we should look into what is involved in (a) complying with it and (b) whether we should make some regulations or suggest regulations be made, and then it would be properly the subject matter of a study by a Senate committee.

Therefore, honourable senators, I am asking for leave to withdraw the motion and, after some consultation, I will present another motion on the same subject in a form which those I consult with believe to be a more appropriate way to deal with it.

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

Hon. Senators: Agreed.

Motion withdrawn.

THE ESTIMATES, 1985-86

MOTION FOR ADOPTION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B)—DEBATE ADJOURNED

The Senate proceeded to consideration of the Tenth Report of the Standing Senate Committee on National Finance (Supplementary Estimates (B) 1985-86), presented in the Senate on December 4, 1985.

Hon. C. William Doody (Deputy Leader of the Government), on behalf of Senator Kelly, moved the adoption of the report.

He said: Honourable senators, this order deals with the report on supplementary estimates (B) which were considered by the Standing Senate Committee on National Finance on December 4. The appropriation bill based on supplementary estimates (B) was introduced in this house today and the motion for its second reading will be put on Tuesday next. At that time, perhaps we can consider the report and the appropriation bill together.

Hon. Royce Frith (Deputy Leader of the Opposition): As I remember, Senator Everett, as chairman of that committee, used to make a speech on the supplementary estimates, which saved us some time on debate when the supply bill came before us.

I take it that the suggestion is that we will speak on the report and the supply bill at the same time.

Senator Doody: As honourable senators have probably noticed, I have never been one to rush madly into debate. However, the supply bill is to be introduced on Tuesday, and if at that time honourable senators prefer to wait until the main estimates come in later on in the year to proceed with the debate, I would be only too happy to oblige.

In the meantime, I do have a page or so of comments which would explain the munificence and magnificence of the government spending program. Actually, it is not that at all; it is simply an explanation of the sub-headings contained in these particular supplementary estimates.

Hon. Allan J. MacEachen (Leader of the Opposition): Could I ask the honourable deputy leader a question about this report? I have not read it recently, but I believe there are some recommendations in the report relating to what the honourable senator has described as the necessity of "sleuthing" in order to uncover information relating to certain matters respecting the supplementaries and the form of the estimates.

I am not asking about the substance. I am asking: When recommendations are made or conclusions are reached by some honourable senators on a committee of that kind, how are these conclusions communicated to the President of the Treasury Board? Does the chairman of the committee forward these recommendations, or is it customary for the President of the Treasury Board or his staff to keep their eyes on what is happening? Really, what I am asking is: Is there a formal way by which conclusions of these committees which affect government operations are communicated to members of the government?

Senator Doody: I welcome the presence of Senator Everett in the chamber at this particular point because he has far more experience with the Standing Senate Committee on National Finance than anyone else. During my brief tenure as chairman, we did, indeed, acquaint Treasury Board and the appropriate departments that were singled out for questioning or for examination of the questions raised by senators in committee. Quite often, action was taken to implement the suggestions made by members of the committee and by the committee itself.

I have tabled that particular report which is a very short report. Perhaps the clerk at the Table could find a copy which he could give to Senator MacEachen at their mutual convenience.

In the meantime, I am sure Senator Everett will be able to give you a much longer and more able dissertation on the workings of the committee than I can.

Hon. Douglas D. Everett: I apologize, honourable senators. I was distracted for a moment and I would appreciate being brought up to date on what was being discussed.

Senator Frith: I said that I recalled that when Senator Everett was chairman of the Standing Senate Committee on National Finance and the committee reported on the subject of estimates, he usually gave us an explanation about the report and had a general discussion about certain aspects of government finance. Often, that was useful to us in our debate on the supply bill.

Senator Everett: Just to deal briefly with the history of the estimates, it was the first case, probably, in the history of the Senate of a pre-study. The bill, as honourable senators know, is the appropriation bill, and what used to happen was that the estimates would get tied up in the other place. There would be a deadline which had to be met for government expenditure purposes, and the estimates and the appropriation bill would arrive here at the same time; and, of course, the committees and the senators did not have ample time to deal with them.

● (1600)

So it was decided many years ago, before I was the chairman, that the estimates would be referred to the National Finance Committee for study. The motion always states—and this is true of both the main estimates and the supplementaries—that the report is to be returned to the Senate before the appropriation bill is received.

What happened was that the National Finance Committee studied the main estimates and the supplementary estimates, and they were brought back to this house; and at that time it was my custom to speak to them when we tabled the report of the Finance Committee. A debate usually ensued after that.

What this meant was that when the appropriation bill came—and there usually was a deadline on the appropriation bill—the Deputy Leader of the Government got up and made a short statement on the appropriation bill, its contents having been dealt with in the form of estimates. The Leader of the Opposition, or the financial critic for the opposition, would get up and say a few words, and the bill was then passed without further debate and without reference to the committee at that time. I know of one exception where that did not happen, but that is why the appropriation bill was never referred to committee.

So the whole matter was dealt with when the report on the estimates was tabled by the chairman of the National Finance Committee, and the debate took place at that time.

[Senator Everett.]

So I would recommend that the debate should take place on the report on the estimates and not at the time of the introduction of the appropriation bill.

Senator Frith: We can do that.

Hon. Jacques Flynn: I would like to clarify one point—and this is to help the opposition. I agree with Senator Everett that we would not refer the bill to committee except when there was something unusual in the clauses of the bill that we wanted to discuss. Sometimes it was not in standard form and there was some advantage in having the committee look at the bill itself.

Senator Everett: My recollection of the one occasion that I can recall is rather hazy, but I believe that what the honourable senator has said is correct. The appropriation bill was somewhat different from the supplementary estimates that we were dealing with. In other words, there had been a change.

The Hon. the Speaker: It is moved by the Honourable Senator Doody, seconded by the Honourable Senator Macdonald, that the report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

Senator Frith: In light of what Senator Everett has said, I wonder whether it might not be better to stand the two items together. I would like to move the adjournment of the debate on the motion for adoption. I believe that we should debate the report first, and that would save us a lot of time in dealing with the bill.

The Hon. the Speaker: It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Petten, that further debate on the motion be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

On motion of Senator Frith, debate adjourned.

CAPTAIN RONALD G. McBRIDE

UNVEILING OF MEMORIAL SCULPTURE—VISIT OF INDUSTRIAL MISSION FROM FRIULI, ITALY

Hon. Peter Bosa rose, pursuant to notice of Thursday, December 5, 1985:

> That he will call the attention of the Senate to the unveiling ceremony, at Toronto Downsview Air Base on October 20, 1985, of a sculpture in memory of Captain Ronald G. McBride, who lost his life in active service on May 16, 1976, while surveying the earthquake area of Friuli, Italy, and to the visit to Canada of an industrial mission from Friuli headed by the Honourable Gioacchino Francescutti, Minister of Industry, and Mr. Gianni Bravo, President of the Udine Chamber of Commerce.

He said: Honourable senators, almost ten years ago on May 6, 1976, Friuli, a region in northeast Italy, sustained one of the

worst tragedies of its history. A severe earthquake claimed the lives of some 1,100 people, injured 2,500 and left 40,000 homeless. Approximately 6,500 businesses were also destroyed at the same time.

The people of Canada were swift and generous in their response to the tragedy. They expressed their solidarity and sympathy with the victims by initiating a disaster fund which was to raise $4.5 million, largely from individual donations as well as contributions from federal, provincial and municipal governments. The fund, directed by Canadian volunteers, was used to house as many as 830 survivors in permanent, earthquake-proof dwellings. This major project—181 houses and two senior citizens' homes in the towns of Venzone, Pinzano, Forgaria, Taipana and Bordano—was completed in record time. It was inaugurated on April 28-29, 1978, less than two years after the earthquake had occurred.

In each of the five towns a street or a place has been named in recognition of Canada's contribution—for example, "Borgata Canada", which means "Canadian hamlet". In the centre of 92 dwellings built by Canada in Venzone, there is a square called "Piazza McBride". Here the local citizens have erected a stone monument on which an iron figure of Icarus symbolizes a fall from the sky.

On Sunday, October 20, 1985, an impressive and dignified ceremony took place at Toronto Downsview Air Base. In the presence of Mrs. Ella McBride and members of her family, and a large number of people, the Honourable Gioacchino Francescutti, Minister of Industry for the region of Friuli, presented a bas-relief to Lieutenant General Don McNaughton, who received it on behalf of the Canadian Armed Forces. In presenting the sculpture, the Honourable Gioacchino Francescutti said in part:

> I am here today to express Friuli's gratitude to the people of Canada for their generous help at that time of tragedy. Especially, I wish to pay tribute to the memory of a Canadian helicopter pilot, Captain Ronald G. McBride, who lost his life on active service on May 16, 1976, while surveying the earthquake area.
>
> Captain McBride's mission was part of the immediate response of the Canadian Armed Forces to the Friuli disaster. A contingent of troops from Canada's military base in Lahr, Germany, was at once despatched to Friuli where they went into action within hours, providing emergency assistance of various kinds to the earthquake victims. They also established a field kitchen near the Town of Venzone, from which they were able to provide food throughout the emergency period to a large number of survivors who were sheltering there in tents.
>
> It is almost 10 years since the tragedy at Friuli occurred, but its people have not forgotten Canada's tangible help. In illustration of this the Chamber of Commerce of Udine, the region's cultural capital, donates this bas-relief in memory of Captain McBride's supreme sacrifice.
>
> I now take pleasure, sir, on behalf of the people of Friuli, in presenting this to you as an expression of profound appreciation of Canada's support.

In accepting the sculpture, General McNaughton said:

> I am deeply honoured to be here this morning as a representative of the Canadian Forces and as Commander of Air Command, to receive this magnificent memorial wooden carving presented by the people of Friuli to Canada in memory of Captain R.G. (Buck) McBride. I am also very pleased to recognize Mrs. McBride and her children, who, by their presence here today, are able to witness first hand the expression of gratitude of the region of Friuli.
>
> We, who serve in the armed forces of our country, always recognize that we may have to make the ultimate sacrifice in the exercise of our profession. It is particularly gratifying to realize, on occasions such as this one, when a noble officer such as Captain McBride has died in the line of service, that the sacrifice is recognized by those that he was helping, so that his memory will live forever. Officially, I would like to thank the people of Friuli for their kind gesture. I want to assure them that this superb memorial will be mounted in a conspicuous area so that all of us in the armed forces are often reminded of the sacrifice of Capt. Buck McBride and the gratitude and friendship of the people of Friuli. Honourable Mr. Francescutti, I ask you to bring our greetings to the citizens of Friuli and convey our sincere appreciation for their thoughtful donation of this memorial.

General McNaughton ended his remarks with a sentence in Italian.

> Tutti i membri delle Forze Canadesi apprezzano molto questo vostro significativo pensiero. Grazie.

The translation of this sentence is, "All member's of Canada's armed forces appreciate deeply your thoughtful gesture."

The benediction of the sculpture was given by the Most Reverend Bishop Robert B. Clune, Auxiliary Bishop of Toronto.

Present at the ceremony from Italy in addition to the Honourable G. Francescutti were Mr. Gianni Bravo, President of the Udine Chamber of Commerce and the driving force behind this event; Messrs. Sergio Lapo and Alberto Picotti, advisers to Mr. Bravo; Artist Roberto Milan, the sculptor of the bas-relief, as well as some delegates from the industrial mission. From the Italian diplomatic corp present were the Consul General of Italy, Dr. M. Macchia and the Italian Trade Commissioner, Dr. R. Scrocca. There were federal, provincial and municipal representatives, myself from the Senate; from Queen's Park, MPPs Joseph Cordiano and Caudio Polsinelli; Controller, Barbara Green from North York; the President of the National Congress of Italian Canadians, Mr. Roldano Della Rosa; the President of the Famee Furlane Club of Toronto, and Order of Canada recipient, Mr. Primo Di Luca, along with many community and regimental association representatives. From the armed forces, in addition to General McNaughton, there were Brigadier General P.J. Taggart; Col. J.A. Torck; Col. R. Robert; Major Raffael Glofcheski; Captain Raymond Massey and Sergeant Robert Abar. These latter two gentlemen were part of Captain

McBride's crew at the time of the crash, and both sustained injuries in the fall. There were other high ranking officers and men present, some of whom were accompanied by their spouses.

I would like to pay tribute to Major Alex Home, Captain Celia Lazzarin and Captain Terry King with whom I worked very closely to co-ordinate this event. The organization was superb and I would like to express a word of thanks to them on behalf of all the participants. An Ottawa-based Air Force band was flown in for the occasion and, at the appropriate time, played the two national anthems. Following the ceremony, the participants were invited to attend a reception at the officers' mess as guests of Col. Torck, the air base commander, where the Cheminade High School Band, directed by the very talented Maestro Livio Leonardelli, played a number of Canadian and Italian tunes.

I would like to express my personal appreciation to the Canadian Armed Forces, the guests from Italy and all the participants who played a part in making this event such a memorable one.

I would now like to say a few words about the delegation of businessmen that visited Canada. This delegation was composed of a large number of representatives of private and public institutions of Friuli.

The visit to Canada by this delegation had a twofold purpose: One, to show to the 50,000 Canadians of Friulan origin, and to the people of Canada as a whole, appreciation and thanks for their help at the time of the earthquake that struck Friuli in May, 1976. The other reason was to establish closer commercial relations with Canada.

Their visit received extensive coverage in the written media, as well as on radio and television. The *Globe and Mail* published a full page in the business section about the history of Friuli and the participating companies comprising the mission.

Friuli is reaching out to expand its markets under the able and dynamic leadership of the President of the Udine Chamber of Commerce, Mr. Gianni Bravo. This was the fourth promotional campaign that had been launched, under the logo "made in Friuli", in different parts of the world in the recent past, the last one having taken place in New York.

The delegation had extensive meetings and exchanges with Canadian business people in Toronto, Hamilton and Montreal from October 15-22, 1985.

Friuli is the most eastern region of Italy, bordering with Austria, Yugoslavia and the Adriatic Sea. Situated on an area of 7,634 square kilometres, with a population of 1,267,000, Friuli's economy is made up of 14,441 industrial and artisan firms, employing 117,165 workers. The agricultural industry is comprised of 65,000 businesses, mainly family-owned and run by labourers who work both in small industries and in public services. The trade industry is made up of 21,187 companies employing 54,725 people and public services consist of 13,468 agencies with 81,015 employees.

Given its strategic geographic location, Friuli has been historically a meeting point of people of Latin, German and Slavic descent, and today is a place of encounter for trade and planned economies.

In the structure of Italy, a unitary state, Friuli is one of five regions that have been given special powers which favour, among others, private enterprises.

In the 1950s, Friuli had a large number of its people emigrate to North and South America, Australia and the EEC countries. In the past 20 years its economy had a striking change for the better. Present statistics show that there are more immigrants going back than are leaving Friuli. Consequently, Friuli no longer exports manpower. Today, Friuli exports technologies that have been developed by a new generation of aggressive entrepreneurs. The absence of large industries has favoured the spontaneous aggregation of small and medium-sized industrialists, craftsmen, merchants and farmers.

They have designed and manufactured furnishings and kitchens for the home. They have excelled in the production of precision and measuring instruments such as clocks and electronic signalling devices, machines for tanneries, sophisticated agricultural machinery and automated stations for the production of concrete. They have created family-run agricultural companies and have succeeded in rediscovering the art of working with gold, as did their Longobard masters.

This change has provided tremendous economic well-being which is reflected in the following statistics: Imports for 1984 totalled 1.5 billion lire, consisting of raw materials such as wood, iron and leather, whereas exports exceeded imports by more than two to one, totalling 3.5 billion lire, mainly in machinery, mechanical and electro-technical devices, furniture, steel and tanned leather.

However, Friuli is known not only for adapting and pioneering in the technological world. It is also known as the birthplace of world famous athletes like Primo Carnera, the 1933 heavy-weight boxing champion; Dino Zoff and Enzo Bearzot, respectively goalie and coach of the 1982 Soccer World Champions, Odorico da Pordenone, who repeated Marco Polo's travel to China and was one of the first railway builders in Europe, and Carlo Rubbia, the creator of the Collider of Geneva for which he received the Nobel Prize for Science in 1984.

● (1620)

Friuli has an ancient and tragic history which records many invasions, plagues, earthquakes and wars commencing with the Roman civilization of Aquilea, to the rule of the Longobards, a central European people of German origin; from the Aquilean Patriarchate to the Venetian Republic, from Napoleon to the Austrian Hapsburgs. As the gateway to the South, Friuli has been the unwilling host to some of the cruelest armies of the world; perhaps the most widely known is that of Attila the Hun who destroyed Friuli in 452 A.D.. History teaches us that Friuli has risen from the ashes nine times. Its emblem is the eagle of the alps, but it is better known as the Phoenix of Italy because of its ability to bounce back like it did after the 1976 earthquake. Friulani have been tempered by these events. This is why they are known as sturdy, hard-working people. This is

why they have been able to overcome the tragedies that have struck their land.

I would like to conclude, honourable senators, by repeating what the President of the Chamber of Commerce of Udine, Mr. Gianni Bravo, said before he left Canada: "My hope is that the meetings in Toronto, Hamilton and Montreal will continue to nurture esteem and friendship between Friuli and Canada and that they will promote better human and trade relations between our two countries."

The Hon. the Speaker: Honourable senators, as no other senator wishes to participate, this inquiry is considered to have been debated.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES

Leave having been given to revert to Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I give notice that tomorrow, Thursday, December 12, 1985, I will move:

> That the Standing Senate Committee on Social Affairs, Science and Technology, which was authorized by the Senate on Tuesday, October 8, 1985, to examine and report upon the activities of the National Film Board with respect to the production and distribution of the film "The Kid Who Couldn't Miss", be authorized to engage the services of such professional, clerical and other personnel as may be required for the purpose of the said examination.

Honourable senators, I am in a bit of a Catch-22 situation. The notice of motion relates to the Standing Senate Committee on Social Affairs, Science and Technology's Subcommittee on Veterans Affairs, which is examining the National Film Board production with which all honourable senators are familiar. The committee feels that in order to prepare its report it will require professional help. Obviously, there will be historical data that will have to be checked, and so forth. That is quite understandable and there is no argument about that.

It has been indicated on previous occasions that some indication should be given to the Senate as to what the cost will be. We cannot just write blank cheques to committees any more. We should have at least a ball-park figure of what the cost will be.

I discussed this with the chairman of the Subcommittee on Budgets and he has told me that he does not think it would be right to discuss a budget for the subcommittee unless the subcommittee has the authorization from the Senate to do what has to be done, that there is no sense in approving a budget if they have no authority to act.

I have been told by the chairman of the Subcommittee on Veterans Affairs that the ball-park figure is $15,000. I will be asking that the Senate approve that amount.

BUSINESS OF THE SENATE

RAOUL WALLENBERG—RESOLUTION APPROVING CONFERRING OF HONORARY CANADIAN CITIZENSHIP—POINT OF ORDER

Hon. Jacques Flynn: Honourable senators, I thought we had agreed that the motion moved by the Leader of the Opposition be put on the Orders of the Day for later this day. My understanding is that the Leader of the Opposition wants to stand that motion.

Hon. C. William Doody (Deputy Leader of the Government): I see the point. It should be on the Orders of the Day so that we can stand it for tomorrow.

Senator Flynn: Honourable senators, I should like to give notice that when the order is called I intend to raise a point of order on the basis that the motion is irregular for containing a criticism of a decision of the Senate, and may also contravene rule 47 and rule 48 of the Rules of the Senate.

I am just giving notice that I will raise that matter when the order is called.

Hon. Royce Frith (Deputy Leader of the Opposition): As a matter of courtesy, since you do not have to give notice.

Senator Flynn: I do not want to take anybody by surprise. I want the Senate to merely note that.

Senator Doody: That is a tremendous spirit of civility being introduced in the Senate.

Having witnessed this new Yuletide spirit, I move that the Senate do now adjourn.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 12, 1985

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

Prayers.

[*Translation*]

TAX REBATE DISCOUNTING ACT

REPORT OF COMMITTEE ON SUBJECT MATTER OF BILL C-83

Hon. Lowell Murray, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

THURSDAY, December 12, 1985

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

ELEVENTH REPORT

Your Committee, to which was referred the subject-matter of the Bill C-83, intituled: "An Act to amend the Tax Rebate Discounting Act", has, in obedience to the Order of Reference of Thursday, November 28, 1985, examined the said subject-matter.

Your Committee heard evidence from the Honourable Michel Côté, Minister of Consumer and Corporate Affairs and from Mr. Mark R. Daniels, Deputy Minister. Mr. Frederick Woyiwada, Chief, Government Programs and Liaison, Consumer Services Branch, Department of Consumer and Corporate Affairs also gave testimony.

Bill C-83 was given first reading on November 21, 1985. The main features of the Bill, as explained by the minister, are as follows. First, it will lower the maximum rate discounters can charge. Second, measures in the Bill will provide for tougher enforcement and better administration.

Your Committee agrees with the intended purpose of Bill C-83 and recommends that, when examined by the Senate, it be favourably considered.

Respectfully submitted,

LOWELL MURRAY
Chairman

[*English*]

BUSINESS OF THE SENATE

ADJOURNMENT

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

That when the Senate adjourns today, it do stand adjourned until Tuesday next, December 17, 1985, at 2 o'clock in the afternoon.

Honourable senators, I should like to take a moment to bring to your attention the status of the legislative program. We have been informed that, in addition to those bills that are currently before us, on Monday we should receive from the other place Bill C-74, to amend the Constitution Act, 1867, and Bill C-70, to amend the Family Allowances Act, 1973. In the other place there was reported today Bill C-82, to amend the Gas Revenue Tax Act. It is our hope that that bill will be before the Senate later next week. We also hope to get Bill C-79, the CCB-Northland bill.

We have been informed that the bills on the list we received prior to this—namely, Bill C-83, the Tax Rebate Discounting bill which has just been reported at the pre-study stage; Bill C-84, to amend the Income Tax Act; Bill C-46, Bill C-47 and Bill C-48, the divorce bills; Bill C-55, to amend the Immigration Act, 1976, and Bill C-80, respecting the Excise Tax Act—are all on the government list. I cannot say definitely that we will have that entire rush of business before us next week; I simply report to honourable senators what has been reported to me. I am almost certain that we will get those bills that I mentioned earlier. We have been told to expect the others, but I cannot say for sure that they will arrive.

With that in mind, it is very likely that we shall have to sit on Friday of next week. I cannot say that for sure, but we can deal with that situation when we have a better idea later next week.

Those bills that are listed as "not certain" but are with us have either been pre-studied or are in the process of being pre-studied.

Hon. Royce Frith (Deputy Leader of the Opposition): I could not hear clearly. Would you please repeat that?

Senator Doody: The bills listed as being on the government's urgent list, but which I am not certain we shall get, are either in the pre-study stage or have been pre-studied. So they have all been handled in the best possible way at this point in the program.

I want to thank honourable senators for their co-operation today, particularly those on the various committees who have been working at a tremendous rate trying to facilitate the program—and I refer particularly to the Standing Senate Committee on Banking, Trade and Commerce; National Finance; Legal and Constitutional Affairs, and Social Affairs, Science and Technology. They have put in a tremendous amount of time and work in trying to keep up with the schedule.

Hon. Henry D. Hicks: Honourable senators, did I misunderstand the motion? I thought that the motion was to reconvene on Tuesday next, but, then, Senator Doody referred to bills that would be coming to us on Monday. Until when are we adjourning?

Senator Doody: Until Tuesday. I said that the bills would probably come over to us late Monday afternoon. I do not believe that we could handle them any more expeditiously if we returned on Monday; hence the adjournment motion for Tuesday.

Motion agreed to.

[*Translation*]

L'ACADÉMIE FRANÇAISE

THREE HUNDRED AND FIFTIETH ANNIVERSARY OF FOUNDING

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I would like to speak to a subject that may not be covered under the heading "Motions", but with your consent, I will do so immediately.

Three hundred and fifty years ago, Cardinal Richelieu founded the Académie française. It was created to propagate the use of the French language, which happens to be one of the official languages of our country. I believe we also consider protecting the French language as one of our responsibilities.

I therefore feel it would be appropriate to say a few words about this distinguished anniversary. In France there will probably be a number of celebrations marking this event today. President Mitterand will be at the Académie and is expected to make a speech in the presence of its members, if I am not mistaken. I think it is appropriate to emphasize this important event and its role in our lives here in Canada since French is one of the official languages of our country.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I want to extend many thanks to my colleague, the Deputy Leader of the Opposition, for this information on the celebration of this very distinguished anniversary of the Académie française. I am sure that all senators and all Canadians rejoice in this occasion and it is a pleasure for me to join in the rejoicing.

[*English*]

AVIATION DISASTER

GANDER, NEWFOUNDLAND

Hon. Duff Roblin (Leader of the Government): Honourable senators, before Question Period is called, I should give notice to the house that the Minister of Transport in the other place had a rather sad and tragic announcement to make about the crash of an American military aircraft in Gander, Newfoundland. The accident took place early this morning on takeoff, apparently in good weather and with no discernible cause. Yet it has resulted most tragically in the loss of many lives. I am told that there were about 250 service personnel on that plane, and a large number of them—I am not sure whether it was all of them—perished in the accident.

The Prime Minister has been in touch with the President; the Associate Minister of National Defence has been in touch with Mr. Weinberger; and the Secretary of State for External Affairs has been in touch with Mr. Shultz. We have offered the full co-operation of the Government of Canada in trying to alleviate, as far as we can, the consequences of this unfortunate event and to try to determine what caused the accident. Aviation experts from both countries are on the scene now, I believe, endeavouring to define the circumstances which gave rise to this event.

I am sure we all wish to join with our colleagues in the other place in expressing to the Government of the United States and particularly to the families of those men and women who lost their lives in this tragedy a very sincere expression of condolence and regret.

Hon. Senators: Hear, hear.

Hon. Paul C. Lafond: May I ask the Leader of the Government, is it not the case that an American aircraft chartered by the military, as opposed to an American military aircraft, is involved? At least, that is the news that was conveyed to us this morning.

Senator Roblin: I thank my honourable friend for his query. He is quite right: it is an aircraft that was chartered by the United States military for the purpose of conveying troops from the Near East.

INCOME TAX CONVENTIONS BILL

THIRD READING

Hon. C. William Doody (Deputy Leader of the Government), moved the third reading of Bill S-6, to implement an agreement between Canada and the Union of Soviet Socialist Republics, a convention between Canada and the Cooperative Republic of Guyana and an agreement between Canada and India for the avoidance of double taxation with respect to income tax.

Motion agreed to and bill read third time and passed.

CUSTOMS BILL

REPORT OF COMMITTEE ADOPTED

On the order:

> Consideration of the Ninth Report of the Standing Senate Committee on Banking, Trade and Commerce on the Bill C-59, intituled: "An Act respecting Customs", presented in the Senate on 10th December 1985—(*Honourable Senator Murray*).

Hon. Lowell Murray: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

THIRD READING

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

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that this bill be read the third time now.

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

Hon. Senators: Agreed.

Hon. Lowell Murray: Honourable senators, before we give this bill third reading, on behalf of the government I wish to ask for your indulgence in accepting a further amendment to the bill.

[*Translation*]

It has to do with the omission of important words in the French version of the bill. These words appear in the English version. I am told that my friends opposite have already been consulted about this amendment.

So that the French version be the same as the English version, I move that the bill be not now read the third time but that it be amended as follows:

> Page 80, Subclause 142(1): In the French version, strike out line 2 and substitute the following:
>
> «La Couronne, sous réserve des règlements applicables.»

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

Hon. Senators: Agreed.

Motion adopted.

The Hon. the Speaker *pro tempore:* Is it the pleasure of honourable senators that the bill be now read the third time?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed, as amended.

• (1410)

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CONSIDERATION OF SENATE ESTIMATES FOR 1986-87—ORDER STANDS

On the Order:

> Consideration of the Estimates of the Senate of Canada for the financial year 1986-87, as approved by the Standing Committee on Internal Economy, Budgets and Administration, tabled in the Senate on 11th December, 1985.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I am not ready to proceed on this order today, because I do not know whether the documentation has yet been circulated. Honourable senators will receive a copy of the estimates and a copy of a covering letter from the chairman of the committee to the Treasury Board. When they do, I would ask them to retain those copies in order to deal with this matter in debate since, as they will remember, the report did not form part of the permanent records of this house. If they keep their copy handy then it will be unnecessary for me to continue making copies of those documents. It is my understanding that each senator will be provided with a copy.

Hon. Duff Roblin (Leader of the Government): May I inquire of my honourable friend when he intends to introduce this matter for discussion?

Senator Frith: I will be prepared to do so as soon as there has been proper distribution of the material. I will certainly be ready to do this next week or, if the material is available, I am prepared to do it now.

Senator Roblin: I have the material, although I do not know if all honourable senators have received it.

My interest in the matter is this: After my friend speaks, I expect to say something myself, which may give rise to a general debate. The time element begins to become important here, and I hope that we can proceed with the debate on Tuesday afternoon without fail. If my honourable friend could give me that assurance, I would be much obliged.

Senator Frith: If the material is distributed today, I will deal with it later today.

Senator Roblin: That would be most obliging. Then I would adjourn the matter until Tuesday.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators, that the order stand until later this day?

Hon. Senators: Agreed.

Order stands.

[*Translation*]

THE HONOURABLE RICHARD B. HATFIELD

FIFTEENTH ANNIVERSARY OF BECOMING PREMIER OF NEW BRUNSWICK—DEBATE CONTINUED

On the order:

> Resuming the debate on the inquiry of the Honourable Senator Simard calling the attention of the Senate to the Honourable Richard B. Hatfield's Fifteenth Anniversary as Premier of New Brunswick.—(*Honourable Senator Corbin*).

Hon. Eymard G. Corbin: Honourable senators, the other day, Senator Simard painted a, to my mind, far too rosy picture of the current situation in the province of New Brunswick.

By his own admission, his speech was meant as a political creed and testament. But it was more than that, as I remarked when the debate was adjourned.

To me and to many other senators, but especially to thousands of Canadians in New Brunswick, what the previous speaker said was no more and no less than an elegy for a political regime that has lasted beyond the limit acceptable to today's democratic societies.

Senator Simard, in fact, sounded the death knell of the Hatfield administration, to which I will refer in greater detail later on.

I also said that his speech could be called the starting shot for an eventual by-election in the city of Edmundston, where a vacancy was created by the much applauded departure of the new senator from New Brunswick who has just joined us.

The city of Edmundston has been without a provincial member since last June. It is not a very desirable situation and reflects the stagnating political situation in my province.

Senator Simard's analysis of his leader and their years in power is, of course, distorted as a result of his obvious admiration for the individual and his achievements. This is understandable.

I am not criticizing Senator Simard's choice of topic. I recognize his right to parade the emperor and his new clothes in a public forum, even if, to my infinite regret, he is talking about the Premier of my province. In all fairness, I must admit that very definite progress has been made in the area of equal rights and equal status for linguistic and cultural communities in New Brunswick.

In fact, I have applauded many of the Premier's achievements, as did many of my fellow parliamentarians.

I will even admit that the presentation of the constitutional clauses committing New Brunswick to recognizing the linguistic equality of French and English was for me a very emotional and satisfying moment.

It is only fair to recognize that Canadians and Acadians in New Brunswick, thanks to their stubborn defence of their demands, have achieved a tolerable level of cultural autonomy in a number of areas. By that I mean that more still remains to be done.

I took part in some of these battles when I was younger, as my parents did before me. I made a modest contribution as a provincial public employee under the Honourable Louis-J. Robichaud. I have fought for the rights of my fellow citizens as part of my political involvement for 17 years, at all levels of the official languages legislation, in the debate on the Constitution and on a day-to-day basis in the course of my work in the federal capital.

Therefore, I would not only be a blind but a deaf partisan if I did not give some credit to the Hatfield government for tangible progress, and other deeds which are purely symbolic.

In fact, along with some of my colleagues at the time—Herb Breau, Maurice Dionne, Michael Landers, Maurice Harquail and, of course, Roméo LeBlanc—I supported and voted in favour of federal appropriations which made it possible to build French community centres in Fredericton, in the city of Saint John, and in the Miramichi area.

We too at the federal level had put our shoulder to the wheel, for otherwise the progress which has been achieved would probably still be in expectation.

I also know that the Liberal Party of the New Brunswick Legislature and its caucus have often played the role of catalysts and moderators in the preparation of policies, projects and programs which were carried out under the previous administration, or newly announced or established under the Hatfield government.

Success did depend on that kind of general consensus on the floor of the legislature; otherwise the efforts could have been premature, probably ill-conceived or, worse still, badly orchestrated.

The point where I begin to disagree with the previous speaker has to be his narrow perception of the evolution of the rights of New Brunswick's linguistic communities. I would like to think that I am in a much better position than he is to grasp the finer points of the evolution of those cultural circles, because I was born and raised there, I lived there and, I would think, I got to know them better than he did.

Indeed I was born in a bilingual locality, not in a privileged and exclusively French-speaking community, as is the case in many regions of New Brunswick. I feel all the richer for it, and I certainly have no intention of apologizing for this cultural endowment.

Do not be mistaken, honourable senators, should I or Senator Simard laud our respective parties, we obviously do so to score political points. That is fair enough and quite acceptable.

Unfortunately I blame certain national media—and I would single out Francophone journalists, those of Quebec in particular—for failing miserably to understand what is now happening in New Brunswick. They want to explain the debate in its simplest common denominators. They would have us believe that the fierce debate taking place now in New Brunswick is another conflict between Francophones and Anglophones.

I think that is a distorted interpretation of what is going on. They project a false image and irresponsibly fuel the debate. I think that Quebec, which lived through such miseries over the last 15 or 20 years, and especially Quebec editorialists, should let New Brunswickers fend for themselves, totally capable as they are of solving their own problems at home. They do not need an infusion of separatist notions to solve them.

Senator Simard described some of my fellow citizens from New Brunswick who object to the proposals for a reform of our cultural communities as bigots and dinosaurs. I do not want to associate myself with these comments as I am well aware of the events which brought English-speaking settlers to New Brunswick. Honourable senators, we must not forget that, just like the Acadians, the Loyalists had been forced to leave the country of their choice. It is true that there may have been conflicts when the Loyalists came. However, when we compare the history of New Brunswick with that of other so-called civilized countries, I believe that our two communities have been able to find better grounds for agreement and accommodation than many other groups elsewhere.

• (1420)

In any case, I would not like to live under a political system and be subject to laws motivated by reactions or ideas which do not recognize the right of others to live as they choose.

In New Brunswick, a so-called bilingual community is wedged between the French- and English-speaking majorities. This community has reached this stage of evolution because of

quite natural circumstances, such as alliances, marriages, business or trade partnerships, or simply because someone was born and raised in such or such a village. It is in fact in this so-called bilingual community that the debate has become embittered in New Brunswick. The present government tried to impose a system which had the effect of causing profound divisions in these communities, to such an extent that these issues are still unresolved and still before the courts.

This is what happens when policies which do not take the facts of a situation into account are developed or implemented too quickly. When it is a question of the human or the cultural factor, people must not be rushed. I am not one of those who believe that the French-speaking have made sufficient progress. As I said earlier in my remarks, there is still room for improvement. This will be achieved whatever party is in power because the changing factors behind those thrusts are so strong that no political system could resist them. The process will only stop when full equality has been achieved.

However, I deplore the strange situation that the next administration in New Brunswick will inherit. Those who will succeed the Hatfield government unfortunately will have to spend plenty of time repairing damaged bridges, tearing down fake fences that were set up as a result of irresponsible debates over the last few years, the last few months. That succession will be quite a burden for the new administration in New Brunswick. Still, the problem will have to be faced with a lot of courage. It is no longer possible to fall back in New Brunswick. The new government will have to take for granted the progress made under Louis Robichaud and his predecessors, and also under Richard Hatfield. There is no going back.

It does not make sense for the English-speaking community to think that a new government will coldbloodedly apply the brakes on that change or the carpet will be pulled back under recorded history. That cannot be.

Honourable senators, I know that time is pressing today and other senators wish to rise on other matters. I therefore ask for your indulgence and leave to move that the debate be adjourned in my name. I wish to pursue the subject further next week, and I thank you.

On motion of Senator Corbin, debate adjourned.

[*English*]

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

12 December 1985

Sir,

I have the honour to inform you that the Honourable Gérard V. J. La Forest, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 12th day of December, 1985, at 4.30 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Leopold H. Amyot
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

• (1430)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CONSIDERATION OF SENATE ESTIMATES FOR 1986-87—DEBATE ADJOURNED

Leave having been given to revert to Order No. 5:

Consideration of the Estimates of the Senate of Canada for the financial year 1986-87, as approved by the Standing Committee on Internal Economy, Budgets and Administration, tabled in the Senate on 11th December, 1985.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, as I mentioned yesterday, we are establishing a bit of a precedent in the consideration of this report.

Hon. Duff Roblin (Leader of the Government): Is it a precedent according to the rules?

Senator Frith: It is strange that that is so, but the only basis upon which it could be said that we have not followed the rules—

Senator Roblin: Is that you have not followed them!

Senator Frith: —is that this is not "a report." Of course, this is a report. It is not termed a "report", but it should certainly be considered a report under rule 67(f), I agree.

If honourable senators have before them the documentation from the Internal Economy Committee to which I referred yesterday, they will see the draft of a letter that is to be sent by the chairman of the committee to the President of the Treasury Board. The quickest way to proceed would be to quote from that letter. In doing so, I will have some comments to make.

The draft letter is addressed to the Honourable René Robert de Cotret, President of the Treasury Board. It reads:

Dear Mr. Minister:

Enclosed are "Manuscript 2" and "Standard Object of Expenditure" reporting form, with regard to the Senate of Canada 1986-87 Main Estimates, which supersede—

and I underline the word "supersede",

—the draft manuscripts of the program planning elements for 1986-87, in the amount of $30,267,595, forwarded to your Secretariat earlier.

There are two or three points that I should like to make on that paragraph. Honourable senators will note that attached to that letter are the forms that are used by all departments to report to Treasury Board, and they contain the necessary modifications so as to apply to the Senate. Those are the Manuscript 2 and the Standard Object of Expenditure reporting forms that are referred to in the first and second lines of the first paragraph. I asked honourable senators to underline the word "supersede", which appears in the third line of the first paragraph. I understand that the Treasury Board normally asks all departments or spending agencies to send forward a rough idea of what has become known in what, I suppose, is not too attractive a "joual," as a ballpark figure as to what they think the estimates will be. That figure was $30,267,595, and it was not simply taken out of the air.

During the year there has been a number of proposals brought forward, such as renovations to the Victoria Building, for example, or the possibility of OASIS services for senators. Our financial officer, Mr. Bourgeau, was asked by the committee to put forward the high figure in all cases and to return with a set of figures on which we could begin to work in order to try to reduce or change it in an appropriate way. That is how that figure was arrived at, and, if I may use this expression, it can appropriately be called the ballpark or starting figure.

The next paragraph begins:

The Main Estimates of the Senate for 1985-86 amounted to $26,984,400.

I will explain how that figure was arrived at. In 1984, when considering the 1985-86 estimates, having just gone through an election and with the formation of a new government, we had not organized the Internal Economy Committee. The exigencies of time for the submission of estimates required that some estimates of the Senate be submitted before the Internal Economy Committee had a chance to deal with them. Last year, therefore, not only did the Senate not deal with the estimates, but the Internal Economy Committee did so in a *pro forma* way because of those special circumstances. That is how the figure of $26,984,400 came about, without any senators being aware of it until after it had been submitted.

Continuing on in reading that paragraph:

Those—

that is, the estimates,

—for 1986-87 total $28,374,373, an increase over last year's figures of $1,390,173, representing 5.15%.

Honourable senators will notice that the ballpark figure was $30,267,595, which was reduced to $28,374,373, the latter figure being the estimates for 1986-87. That represents an increase over last year of 5.15 per cent, but I will have something further to say about that figure because, for reasons which I will explain, the real net increase is something like 1.6 per cent.

The next paragraph begins:

Non-operating costs total $21,694,363.

That $21 million figure will be taken from the $28 million figure. Continuing with paragraph 3 of the letter:

Under this heading, Salaries and Wages total $16,535,495, which figure includes statutory increases at the rate of 3.8% amounting to $577,458.

In other words, there was more than half a million dollars that the committee had no control over at all. That was a statutory matter. The increase takes place whether we say yea or nay.

Funds have not been provided for nine (9) person-years.

• (1440)

I will not get into the question of person-years, except to say that that was consistent with the request of the Treasury Board, as I recall. The following is important if one is to understand what the real increase is over last year:

The increase in the 1986-87 Main Estimates' overall total, over the figure for 1985-86, is due in part to the inclusion of the following extraordinary items, representing 69.7% of the total increase:

In other words, if you go back to the second paragraph, the increase is 5.15 per cent, but almost 70 per cent of that 5.15 per cent consists of "the following extraordinary items." I make 70 per cent of 5.15 per cent to be 3.589 per cent. So, if we subtract that from the 5.15 per cent, we will get a figure that will show up on the next page:

The increase in the 1986-87 Main Estimates' overall total, over the figure for 1985-86, is due in part to the inclusion of the following extraordinary items—

Upgrading of Information systems to provide compatibility with the House of Commons OASIS system	$350,200

Honourable senators, the figure that was first proposed for OASIS was substantially larger than that. Senator Doody or Senator Phillips may correct me on these figures, but the OASIS consists of two units. One unit is the screen that gives one access to all of the software and the information that comes through OASIS. That is a comparatively inexpensive item. It is something like $600 or $700. But, as part of OASIS, there is a word processing system, and that is a five-figure cost: $14,000. Therefore the whole unit costs approximately $20,000, or a little more.

The committee was concerned with such a large figure, when it might well be that some senators did not want the word processing equipment. Therefore we arranged for a questionnaire to be sent around, asking honourable senators what they wanted. Did they want the television monitor and the processing, or did they want the television monitor alone? I do not think you can get the word processing alone. It is an extension of the monitor. Therefore the figure of $350,200 provides for the word processing—that is, the full range, the $20,000 ticket—for those who wanted it, and the OASIS for all those who wanted it. That figure is substantially less than the figure it would cost if we were to be totally equal with the

House of Commons and were to have both the word processor and the monitor.

The next item is "Research assistance." Honourable senators will remember that, from time to time, senators have made comparisons of the research facilities and research support which they receive compared with that given to members of the other place. It has been discussed in the Internal Economy, Budgets and Administration Committee for as long as I can remember, indeed, ever since I have been on the committee. This year a proposal was made that instead of having individual research assistants for each senator, we would try to come up with a panel of ten research assistants who would be available to the caucuses and to the senators. It meant that we had to come up with a figure, and the figure produced by our staff for ten people was approximately $320,000, which is $32,000 per head for the ten.

That evolved into an improved suggestion, that we would set aside this amount and, rather than set up an establishment of ten research assistants, we would consider having the funds available for some contract work, for example, and for other ways of furnishing that research assistance.

So, honourable senators will understand that this is very much a pilot project. It is an attempt to start down the road to improve research assistance for senators. It is quite a modest amount, when compared with the amount that is available to the House of Commons—a very modest amount. Its form is not engraved in stone. The only thing that is firm about it, as I understand the will of the committee, is that we want it as a start along the road to better research assistance for senators. That is the explanation for that amount.

The next amount is:

Renovations to accommodate full complement of Senators and relocate Senators from the Victoria Building to the Centre and East Blocks	200,000

The reason for that was that we had a much fuller complement of senators than we have had for some time. You will recall that many of our new senators were located in the Victoria Building, where the facilities were found to be quite unsatisfactory in several respects. There was the problem of furnishing, which I think was more or less solved. There was the problem of security, of other services, and of sharing the building—and that, in turn, had an effect on security. Therefore the plan was to try to upgrade the Victoria Building, and the estimate was $600,000.

In the meantime the chairman of the committee, Senator Charbonneau, had been in touch with Public Works, and with other ministers in the government, with the objective of getting space for senators in the East Block. Between the time that we received the estimate of $600,000 to improve the Victoria Building, and the time that we finished our work, Senator Charbonneau was able to get a firm undertaking that when, in due course, the 1910 wing of the East Block becomes available—that will probably start soon, but it will not be completely available until next fall—senators would then occupy the East Block. All senators who wish to leave the Victoria Building will then be able to get space either in the East Block or, by rearrangement, in the Centre Block.

Those senators who are in the Victoria Building were prepared to say, "There is no point in going to elaborate changes here, to the amount of $600,000. We will put up with what we have." There will be moving costs, and the committee accepted a figure of $200,000. We therefore cut $400,000 off that $600,000 and left $200,000, which may be more than we shall need. However, in the opinion of several experienced members of the Internal Economy Committee, that was felt to be an adequate amount in order to make that move.

I believe that is a good news item, because it means that all those senators who would like to be closer to the Hill will be able to be relocated and will no longer feel alienated, as they sometimes do in the Victoria Building.

The change will mean moving senators to the Centre Block and the additional space in the East Block, and moving some staff into the Victoria Building. The objective is to have those senators, who so wish, located in office space close to the Centre Block, and for support staff who do not need to be close to the Centre Block, to be located in the Victoria Building.

● (1450)

Honourable senators, if you turn the page you will see the last item of the extraordinary items. Honourable senators will remember that the three extraordinary items that we have dealt with are the OASIS system, research assistance, and the move from the Victoria Building to the East Block and Centre Block. The fourth item is described as, "contingency funds to provide for additional Senate Committee work, as well as Joint Committees," and that is also a reduced figure. The total figure for committees is $1,390,173. The figure of $100,000 for contingencies amounts to less than 10 per cent of the total figure. It is very hard for committees to judge exactly what their work will be for the fiscal year 1986-87. We asked the committees to draw up their estimates and they did so. We discussed the figures with them, and some alterations and cuts were made to their proposals. The members of the committees involved did their best, and they were very helpful as it turned out. However, we do not know what additional committee work there might be. We do not know whether there might be agreement on the formulation of joint committees, for which we would have to pay our share. Therefore, that $100,000 is there almost as a nominal figure in the event if we get a lot of additional work. It is there to take into account the possibility of unforeseen work by the committees. The next paragraph reads:

> As you will notice, the figure to provide for these items plus the $577,458 provided for statutory increases for Salaries and Wages, amount to $1,547,658, representing more than the total increase in the 1986-87 Budget ($1,390,173).

The next paragraph will explain something I mentioned earlier. It reads:

> If the four extraordinary items above are excluded,—

That is, OASIS, research assistance, renovations to accommodate senators and the contingency funds for committees.

> —the increase reflected in the Senate's Main Estimates for 1986-87, over the Estimates for 1985-86, becomes 1.6 per cent.

It seems to me that that is a very responsible and prudent figure. In fact, it is almost a stingy figure. However, there it is. The last paragraph is important also, and it reads:

> At this time, I wish to bring to your attention that the Senate is awaiting the detailed study of its Master Plan on Security which should be available by March 31, 1986. This Master Plan involves elements of compatibility with the security measures implemented in the House of Commons, which are yet to be determined. The plan may entail the provision of further funds which would be submitted to you as supplementary estimates at that time.

The first ballpark figure included a figure for the security changes.

When the committee began its work, the Leader of the Government in the Senate sent a letter to the chairman of the committee and to the members of the committee pointing out that the estimates for the Senate would be due some time in December and asking it to consider restraint in budgeting for any increases. He pointed out that guidelines had been laid down for the line departments and requested that, although the Senate as such is not a line department, the committee take into account the government's wish for restraint and asked that it do its best to keep the figures within the guideline or, at least, to keep in mind the guidelines the government had set out when coming up with its estimates. The committee set to work and, it seems to me, agreed to his request. It worked long hours. There were many meetings, many adjourned meetings, many requests for further information and much debate. There was discussion back and forth with committee chairmen. Senator Doody came to each committee meeting wearing an old hat that he had worn when he was, I believe, President of the Treasury Board or Minister of Finance or the equivalent in Newfoundland.

Senator MacEachen: It is not a hat, it is a crown.

Senator Doody: A crown of thorns.

Senator Frith: I must say that he wore it like a crown of thorns. Certainly he played the devil's advocate, if that is an appropriate metaphor, and so did others. My impression and recollection of the work of the committee is that it was essentially non-partisan. If there was any partisanship at all it was understandable that from time to time government members felt a greater urgency to follow their leader's requests for restraint.

However, generally speaking, the meetings were not partisan and quite frequently there would be as strong a pitch from the Liberal side for an increase or for not making a cut as from the government side. Certainly the positions taken crossed party lines on many occasions. I am sure that the Leader of the Government is pleased to hear that the committee did this work and reduced what started out as approximately a 14 per cent increase.

Senator Doody: A 14.88 per cent increase.

Senator Frith: An almost 15 per cent increase. The reduction is to a gross of 5.15 per cent, including statutory items over which there was no control, and cuts were made to all the added items such as OASIS and so on, to come up with a net figure, if you exclude the extraordinary items and the statutory items, of only 1.6 per cent increase.

I would be pleased to answer any questions either today or, in the event that I adjourn the debate for questions, next week. However, I understand that the Leader of the Government wishes to speak. Considering the background as I see it, I am sure that we are going to enjoy receiving his thanks for the good work that we have done.

Hon. Henry D. Hicks: Honourable senators, before the Leader of the Government speaks, may I make one very minor observation? I am afraid that I have the inveterate habit of checking figures in a letter such as this. If the honourable Senator Frith will address his attention to paragraph 2 of our Speaker's letter, he will find that the figures do not add up correctly. If the amount for 1985-86 is $26,984,400, and if the increase is $1,390,173, then the total for 1986-87 should be $28,374,573, not $28,374,373. Alternatively, if the $28,374,-373 figure is correct, then the increase should be $1,389,973. I thought it would be a shame if the Senate should lose $200 in its address to the Treasury Board.

Senator Frith: Whatever.

Hon. Orville H. Phillips: Honourable senators, I would like to direct a question to the Honourable Senator Frith. In his remarks concerning the conduct of the committee, he referred to those who wished to make cuts in certain items as being devil's advocates. I ask him how he arrived at that decision because in my viewpoint the devil's advocates were the ones who were advocating increases.

Senator Frith: Nothing is new. As usual, Senator Phillips and I disagree as to whether our client is an angel or a devil.

• (1500)

Senator Roblin: I do not know about the client but I am certain that Senator Phillips is on the side of the angels. With that opinion in mind, I move the adjournment of the debate.

On motion of Senator Roblin, debate adjourned.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES—ORDER STANDS

Hon. C. William Doody (Deputy Leader of the Government), pursuant to notice of Wednesday, December 11, 1985, moved:

> That the Standing Senate Committee on Social Affairs, Science and Technology, which was authorized by the Senate on Tuesday, October 8, 1985, to examine and

report upon the activities of the National Film Board with respect to the production and distribution of the film "The Kid Who Couldn't Miss", be authorized to engage the services of such professional, clerical and other personnel as may be required for the purpose of the said examination.

He said: Honourable senators, in giving notice of this motion yesterday I mentioned the dilemma that we found ourselves faced with with regard to attempts to get committees and subcommittees to prepare budgets for their work. Senator Marshall, the chairman of that committee, was mindful of that and had prepared a ballpark budget of $15,000. That was submitted to the Subcommittee on Budgets this morning and approved but it has not gone to the Standing Committee on Internal Economy, Budgets and Administration.

I wanted to acquaint the Senate with the fact that we have received a budget from the subcommittee for this and it will be dealt with by the Internal Economy, Budgets and Administration Committee at its next meeting. I understand that it has been recommended by the subcommittee.

Hon. Royce Frith (Deputy Leader of the Opposition): Perhaps we should stand this order until we get the report of the committee.

Order stands.

The Senate adjourned during pleasure.

At 4.40 p.m., the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Gérard La Forest, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Seeds Act and the Canada Grain Act (*Bill C-64, Chapter 47*)

An Act to amend the Governor General's Act, the Governor General's Retiring Annuity Act, the Salaries Act and the Judges Act (*Bill C-78, Chapter 48*)

An Act to provide for the creation by amalgamation of the Evangelical Lutheran Church in Canada (*Bill S-5*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, December 17, 1985, at 2 p.m.

THE SENATE

Tuesday, December 17, 1985

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

Prayers.

INCOME TAX ACT AND RELATED ACTS

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT-MATTER OF BILL C-84 TABLED

Hon. Lowell Murray, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, tabled the committee's twelfth report, on the subject matter of Bill C-84, to amend the Income Tax Act and related statutes and to amend the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Financial Administration Act and the Petroleum and Gas Revenue Tax Act.

CANADA DEVELOPMENT CORPORATION REORGANIZATION BILL

REPORT OF NATIONAL FINANCE COMMITTEE

Hon. William M. Kelly, Deputy Chairman of the Standing Senate Committee on National Finance, presented the following report:

> Your Committee to which was referred Bill C-66, intituled: "An Act respecting the reoganization of the Canada Development Corporation", has, in obedience to the Order of Reference of Thursday, December 5, 1985, examined the said Bill and now reports the same without amendment but with the following observations and recommendations:
>
> CLAUSE 5(1)(a) of the Bill requires the articles of continuance of the Canada Development Corporation (CDC) to prevent any one resident, either alone or together with associates, from owning more than 25 percent of the voting rights of CDC.
>
> CLAUSE 5(6)(h) provides that persons are associated if, in the opinion of the Board of Directors, they are parties to an agreement or an arrangement which requires them to act in concert with respect to their interests in CDC. The Committee was assured that under the provisions of the Canada Business Corporations Act the Board would have to act honestly and in good faith with the view to the best interests of the Corporation in forming its opinion. The Committee concluded that Clause 5(6)(h), which is indentical to a section of the *Canada Development Corporation Act, 1971*, could have been worded more precisely.
>
> The Committee, cognizant of the government's stated concern that if any change was made to Clause 5(6)(h), a person could apply to the courts for rescission, claiming that the change made was substantive, decided to report the Bill without amendment and to bring this situation to the attention of the Senate.
>
> The Committee recommends that in drafting government bills, great care be taken to ensure that the provisions of the bills fully embody the intent of the government.
>
> Respectfully submitted,
>
> WILLIAM M. KELLY
> *Deputy Chairman*

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the committee has reported the bill without amendment. Therefore, by our rules, the report stands adopted. We have dispensed with the reading of the report, so either now or later this day I would like the chairman to read it. If not, I would like honourable senators on this side to have a chance to read it, because when we give the bill third reading we will be doing so on the basis of the report which, apparently, continues some comments. I would like some separation between the time we learn about what the report says and the time that we give the bill third reading.

Hon. C. William Doody (Deputy Leader of the Government): If honourable senators would like the report to be read now, it is perfectly all right with us. We have no intention of trying to submerge it.

Senator Frith: No, I was not suggesting that you were.

Senator Doody: If it is honourable senators' preference to have it read later this day, that is fine with us as well, or the report can be read before third reading of the bill tomorrow.

Senator Frith: Perhaps we should have it read later this day or we can review it overnight and have third reading tomorrow.

Senator Doody: That would be perfectly satisfactory with us.

Senator Frith: Perhaps, so that we do not have to wait for *Hansard*, the Table could have photocopies made of the report and distributed to us either here or at our offices.

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

[*Translation*]

CANADA-GREECE RELATIONS

NOTICE OF INQUIRY

Hon. Philippe D. Gigantès: Honourable senators, I give notice that on Thursday next, December 19, 1985, I will call the attention of the Senate to the relations between Canada and Greece.

[*English*]

PAROLE ACT
PENITENTIARY ACT
PRISONS AND REFORMATORIES ACT
CRIMINAL CODE

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-68

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

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine the subject-matter of the Bill C-68, intituled: "An Act to amend the Parole Act, the Penitentiary Act, the Prisons and Reformatories Act and the Criminal Code", in advance of the said Bill coming before the Senate or any matter relating thereto.

Hon. Royce Frith (Deputy Leader of the Opposition): I take it that the chairman of this committee has been consulted.

Senator Doody: This motion is at the request of the chairperson. The Minister of Justice and his associates in the other place have such high regard for the chairperson of that particular committee that I understand they have requested her to pre-study this bill, together with the next one on my list. The chairperson of this committee, therefore, has asked that this matter be brought forward.

Motion agreed to.

PAROLE ACT
PENITENTIARY ACT

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-67

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

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine the subject-matter of the Bill C-67, intituled: "An Act to amend the Parole Act and the Penitentiary Act", in advance of the said Bill coming before the Senate or any matter relating thereto.

[Senator Frith.]

Motion agreed to.

QUESTION PERIOD

[*English*]

AGRICULTURE

WESTERN CANADA—DROUGHT AND OTHER CONDITIONS—GOVERNMENT ASSISTANCE

Hon. H. A. Olson: Honourable senators, I have a question for the Leader of the Government in the Senate. Based on some information that came to my attention this past weekend, I understand that very little, if any, of the money that has been promised in the various programs announced by both the federal government and the provincial governments to deal with the serious situation in agriculture resulting from the drought and other conditions has, in fact, found its way, as yet, into the hands of the producers. In fact, there are several farmers to whom I spoke on the weekend who have not, to date, received one cent from any program. I wonder whether the Leader of the Government in the Senate can give us some assurance and some encouragement that the administration of these programs will be accelerated, at least to some extent, in order that the people who have been promised assistance will, in fact, receive the money into their hands. Some of these programs were announced as long ago as three months, but, as yet, the money has not filtered through the administrative system.

Hon. Duff Roblin (Leader of the Government): I will take my honourable friend's question as notice, insofar as it relates to the federal administration.

Senator Olson: Honourable senators, it is a little more complicated than that. To take notice of the question is not good enough, because there are two things that seem to be happening: one is that they have to work out some kind of arrangement with the provinces for the distribution of this money; the other is that in Saskatchewan, according to reports I have heard, the money simply went to the provincial treasury to partially pay for a program that had already been announced.

It is again being raised as a possibility that the $150 million that was announced by the Minister of Agriculture a few days ago will, in fact, be used for crop insurance programs in future years rather than as a payment to be received by farmers in 1985 or early 1986.

Another concern is that it seems that the two levels of government are taking a great deal of time to work out the administration so that they will maximize political credit. That means that farmers have to wait longer and longer.

I wonder if the Leader of the Government in the Senate could take those concerns into account when he is seeking further information.

Senator Roblin: I think my honourable friend is on the wrong track; if the farmers have to wait longer and longer, there will be precious little political credit to be gained.

With respect to the first part of his question—namely, whether or not the $150 million will be used in connection with future crop insurance programs—the answer is no, it will go to the farmers.

THE ENVIRONMENT

TOXICOLOGY RESEARCH AND DEVELOPMENT—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, I should like to ask the Leader of the Government in the Senate if he could tell us whether the government has any long-term plans for research and development relating to toxicology.

Last November, in the economic statement, the government cancelled support of a number of science issues, including support for what was planned to be the joint Guelph University-University of Toronto Toxicology Centre. It is not that particular centre I wish to ask about, but now we have the Minister of the Environment alarmed by reports of toxic problems in the Great Lakes and elsewhere and saying that large sums of money may have to be put into research in that area. That centre, by this time, could have trained a number of qualified people, and could have been available to answer many of the minister's questions.

I am now puzzled as to whether the government is responding in a short-term way to the current crisis, or whether there are, in fact, any long-term plans to establish research and development in this area, an area of greater and greater importance in this country and in the minds of Canadians.

Hon. Duff Roblin (Leader of the Government): I do not think I would be exaggerating if I were to tell my honourable friend that in my opinion the current Minister of the Environment is very active and dedicated to his job. From everything one can see from the announcements he has made to date, he is taking practical steps.

My friend has asked a question that has to do with a great many factors which certainly do not lend themselves to answers during Question Period. So, I will take the questions as notice and provide the answers in due course.

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED

SALE TO BOEING CORPORATION—OFF-THE-RECORD PRIVATE BRIEFINGS—JOB SECURITY

Hon. Ian Sinclair: Honourable senators, on December 3 of this year I asked the Leader of the Government a question concerning the sale of de Havilland Aircraft of Canada to the Boeing Corporation. This sale has been the subject of a great deal of interest. I understand that members of the Prime Minister's Office and senior government officials have held private briefings—off-the-record private briefings—concerning this sale. Could the leader give us any information on that?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have no information on that topic.

Senator Sinclair: I wonder if the Leader of the Government in the Senate will make inquiries to see if such private briefings have been held between members of the Prime Minister's Office, senior government officials and selective groups?

Senator Roblin: I really must be careful in my answer so as not to undertake to deliver more than is possible. I will take my honourable friend's question as notice, and to the extent that I can answer it, I will.

• (1410)

Hon. Jerahmiel S. Grafstein: Honourable senators, I, too, have a question concerning briefings on the de Havilland issue. Was the Leader of the Conservative Party in Ontario briefed on the question of jobs with respect to the de Havilland sale to Boeing?

Senator Roblin: I have no information concerning any consultations with the Leader of the Conservative Party in Ontario.

Senator Grafstein: I should like to follow up on that. The Leader of the Conservative Party in Ontario moved a motion in the Ontario legislature recently because of his apparent concern about the fact that there was no guarantee of jobs following from the sale of de Havilland. Mr. de Cotret on CTV "Question Period" indicated that there is some form of guarantee that the technology developed by the de Havilland corporation will be utilized only for manufacturing jobs in Canada. This issue is of great concern in Ontario, and perhaps the Leader of the Government in the Senate might give us more information on this question because of the unrest caused by the de Havilland sale.

Senator Roblin: It seems that whenever you sell a crown corporation you run into this problem. I believe the Government of Ontario is struggling with the same problem with respect to the sale that they are contemplating of Urban Transit and where there is also a question of job security at issue. The best thing I can do is to inform myself as to what precisely my colleague, the President of the Treasury Board, said on television and then I can report to my honourable friend.

Hon. H. A. Olson: Honourable senators, I have a supplementary question. Could the leader give an undertaking to find out whether or not briefing sessions were held for the various caucuses at Queen's Park and were not held for caucus members in Ottawa?

Senator Roblin: I do not know what caucuses my honourable friend refers to. I presume he is talking about the caucuses of the Progressive Conservative Party. I can take no responsibility whatever for what went on in the caucus of the Progressive Conservative Party in Ontario, and what went on

in the Progressive Conservative caucus in this place is a matter of confidentality.

Senator Olson: Let us be clear what the question was. The question was whether senior officers of the federal government, particularly from DRIE, did provide senior officers to brief the caucuses at Queen's Park—the Progressive Conservative, the Liberal and the NDP caucuses there—while such briefing was denied the caucuses in Ottawa. That is the question. I am not asking what went on in the caucus. Did they provide senior personnel to have these briefing sessions?

Senator Roblin: I think that that is an expansion of the question already asked by Senator Sinclair and I give the same answer.

PARLIAMENT HILL

"FAIRYLAND OF BEAUTY AND EXCITEMENT"

Hon. Heath Macquarrie: Honourable senators, I should like to direct the attention of the Leader of the Government in the Senate to something which we have all noticed outside of this building, namely, that there has been a distinct and profound change in the Christmas decorations. Obviously, someone is responsible for this and I presume it might be our genial Minister of Public Works and that most excellent and innovative chairman of the National Capital Commission, Mrs. Jean Piggott. Whoever is involved, I think that they have created a fairyland of beauty and excitement that even certain aging senators like myself can rejoice in at this season of advent. Since we are all here on behalf of the people of Canada, and I have heard them gasp with delight at the beauty that has been created, I would like him to relay to those involved with the idea and the execution that they have wrought something very rare in that it is not often that the creativity of man can improve upon the creation of God, and in this case I think they have done so.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Macquarrie, as usual, is the master of understatement.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will convey Senator Macquarrie's remarks to the Chairman of the National Capital Commission, Jean Piggott. I will read in *Hansard* what my honourable friend has just said to see what he really means by it, and if it is an item that should be brought to their attention I will see that that is done.

Senator Guay: The Leader of the Government might ask at the same time what the cost was.

An Hon. Senator: Scrooge!

Senator Corbin: Honourable senators, I would not want to sound like Scrooge but I think it is a waste of money in most respects.

Some Hon. Senators: Boo! Boo!

[Senator Roblin.]

POVERTY

REPORTED STATEMENT OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS ON "ELEMENTARY CONDITIONS"

Hon. Eymard G. Corbin: Honourable senators, I have a question for the Leader of the Government in the Senate. I have in my hand a copy of an article which appeared in the Ottawa *Citizen* today with the dateline "Jagudan, India." It is a Canadian Press story, and the four-column title reads: "Clark pleased with 'self-help' outcome of aid to India."

I have little to say about the body of the story, but I am somewhat flabbergasted and puzzled by the quotation attributed to Mr. Clark in the last paragraph, which reads as follows:

> "It's very much an eye-opener for a Canadian to go into a rural village in a country like India and see the very elementary conditions," said Clark.

I should like to ask the Leader of the Government in the Senate: When was the Secretary of State for External Affairs last subjected to an eye-opener in some of our native communities here in Canada? Who is he trying to kid? Why is he so patronizing of other people's misery when we have our own fundamentally unresolved "elementary conditions" in Canada with which to deal?

Hon. Duff Roblin (Leader of the Government): I do not know whether the honourable gentleman has been quoted correctly, but let us assume that he has.

Senator Corbin: I am.

Senator Roblin: I do not question what Senator Corbin has said; it is the press report which I think requires verification.

The point is, I think it is quite a natural reaction for anyone to express concern when they meet situations which are less than desirable. That, however, in no way means that the same person is ignoring problems in his own country. If you look deeply enough, every country in the world can produce evidence of poverty which would concern all of us.

I think it is not unreasonable that the minister should express his concern in India, as he has expressed it in connection with Canadian situations.

HUMAN RIGHTS

AFGHANISTAN AND IRAN—UNITED NATIONS RESOLUTIONS—CANADA'S POSITION

Hon. Eymard G. Corbin: Honourable senators, I have a further question for the Leader of the Government in the Senate.

On the weekend we were informed by most papers that the General Assembly of the United Nations, for the first time, adopted resolutions on Friday expressing deep concern over the human rights situations in Afghanistan and Iran. Unfortunately, the story did not spell out which way Canada voted or whether we abstained on these resolutions.

The Afghanistan resolution was carried by a vote of 80 to 22, with 40 abstentions. The draft on Iran was endorsed by 53 votes to 30, with 45 abstentions.

Would the Leader of the Government in the Senate be good enough to inform us today or at the next sitting which position Canada took on these resolutions?

Hon. Duff Roblin (Leader of the Government): Yes, honourable senators, I will get that information.

RAOUL WALLENBERG

RESOLUTION APPROVING CONFERRING OF HONORARY CANADIAN CITIZENSHIP—NOTIFICATION OF U.S.S.R.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to ask the Leader of the Government a question respecting the after-effects of the resolution which we debated last week conferring honorary Canadian citizenship on Raoul Wallenberg, a resolution adopted by the House of Commons and concurred in fully by the Senate of Canada.

The resolution, among other things, states that Raoul Wallenberg has been a prisoner in the Soviet Union since 1945. I want to ask the Leader of the Government whether the government has been in touch with the Soviet authorities, advising the Soviet government that Raoul Wallenberg is now an honorary citizen of Canada; that the appropriate action has been taken by both houses of Parliament; and ascertaining whether the Soviet government will undertake to advise Mr. Wallenberg of his new status as an honorary Canadian citizen.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will take that question as notice.

NATIONAL DEFENCE

MANAGEMENT OF REAL PROPERTY

Hon. Gildas L. Molgat: Honourable senators, my question is for the Leader of the Government in the Senate, and I refer to a communiqué published last week by Public Works Canada entitled, "Improved Management of Federal Real Property."

The communiqué, on page 2, states:

> Another major change announced today is the consolidation under the President of the Treasury Board of ownership of federal real property. All real property—with some exceptions—

And some exceptions are listed. However, nothing is said about National Defence property. Properties exempted are national parks, native lands, lands held by crown corporations and so on.

● (1420)

Is it the intention of the government to put all National Defence property under the ownership of the Treasury Board?

Hon. Duff Roblin (Leader of the Government): I believe that the word "management" is used, so that that property would be under the management of the Treasury Board. My honourable friend could check that for me, but I believe that "management" is what is referred to.

Senator Molgat: The press release states "ownership".

Senator Roblin: I see; if the National Defence property is not excepted, one would expect that it is under the control of the Treasury Board.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have some delayed answers to questions.

INTERNATIONAL TERRORISM

SEIZURE OF EGYPTIAN AIRCRAFT

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 26 last by the Honourable Senator Sinclair respecting International Terrorism—seizure of Egyptian aircraft.

(*The answer follows:*)

> Following the Air India disaster, special audits and penetration tests were completed at several International Airports and programs for remedial action are under way.
>
> All checked baggage on International Flights (except U.S.A. destinations) is being examined. Air carriers are trying new systems for matching passengers and checked baggage and they are required to do passenger counts on International Flights. Air Carrier and Airport Security Regulations are both being studied and changes will be submitted for approval in the near future.
>
> Additional baggage x-ray units (50 total) and explosives vapour detectors (EVD-1's, 26 total) are being placed at International Airports. All EVD-1's will be in place and operating by December 20, 1985.
>
> An additional $6M has been added to the $36M already allocated for airport security in 1985-86.
>
> Canadian Airport staff are exercising a high degree of vigilance using established security measures and a security awareness/attitude change program is currently being developed to assist these people.
>
> Transport Canada and U.S. F.A.A. have agreed to co-operate on research and development for explosives vapour detection, passenger/baggage security systems and enhancement of search areas and x-ray pattern recognition. Improved security measures for aircrew, passengers, service staff, cargo and airports are being studied, as are special detectors for cargo handling areas, more sensitive detectors for flammable items and substances such as gasoline bombs.
>
> The implementation of the recommendations of the Interdepartmental Committee for Security and Intelligence (ICSI) is being done on an ongoing basis.

NATIONAL PAROLE BOARD

APPOINTMENT OF MEMBERS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 26 last by the Honourable Senator Hastings respecting the National Parole Board—Appointment of Members.

(*The answer follows:*)

The increase to the membership of the National Parole Board from 26 to 36 is required in order for the Board to handle the additional workload created by the modification in the voting structure. The court ruled in the case of O'Brien that all Members voting on an inmate's case file had to be present at the hearing. The National Parole Board's estimation was that in order for it to abide by the Court ruling, it required 12.5 additional person/years, 10 of which were Board Members. The Treasury Board granted the Parole Board these additional person/years but because of the limitations imposed by the parole Act, these positions had to be filled with temporary members.

These members are appointed for periods of one year and a minimum of two to three months is required for the appointees to learn the legal requirements contained in the Parole Act, and to familiarize themselves with the policies and procedures as well as the procedural safeguards related to the parole process. The National Parole Board has estimated at $4,000 to $5,000 the cost of training of each temporary member.

The appointment of a greater number of permanent members would reduce the number of temporary members required while, at the same time, allowing for greater continuity and efficiency from an administrative stand point.

With respect to the current vacancies in the National Parole Board membership, one permanent member was appointed on November 22, 1985 for the Pacific Division of the Board, and the remaining vacancies are expected to be filled in the very near future.

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—USER FEES ON GREAT LAKES

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 27 last by the Honourable Senator Grafstein respecting Canada-United States Relations—Bilateral Trade Negotiations User Fees on Great Lakes.

(*The answer follows:*)

The proposed legislation is seeking authority to levy a nominal charge to defray part of the costs of providing aids to navigation, icebreaking, and dredging services. The introduction of such charges would only proceed after full consultation with interested parties in the public and private sectors.

In so doing, account shall be taken of all other charges currently being levied on marine stakeholders.

At the present time, the Coast Guard recovers only approximately 2.5 per cent of their expenditures which are for 1985/86 in the region of $863M.

INTERNATIONAL TRADE

REMOVAL OF IMPORT QUOTAS ON FOOTWEAR

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 27 last by the Honourable Senator MacEachen respecting International Trade—Removal of Import Quotas on Footwear.

Hon. Allan J. MacEachen (Leader of the Opposition): Would the Leader of the Government read the answer to the question respecting import quotas on footwear? It may inspire us to further inquiries.

Senator Roblin: I rather expect that it will. I am looking forward to continued exchanges on this topic; I am sure that I have not heard the last of it. I shall be glad to read it.

The government had no reason to conduct a separate study on the state of the footwear industry or on employment levels in particular since the Canadian Import Tribunal Report, which became public in June, 1985, was the most comprehensive review ever undertaken of our footwear industry.

In pursuit of this assessment, the Tribunal received a vast amount of evidence and testimony from the various firms in the industry as well as from the Shoe Manufacturers' Association of Canada. The Tribunal heard over 70 witnesses and received dozens of written submissions. In addition, the Tribunal itself commissioned a number of independent studies, including one on the industry's financial performance by Clarkson Gordon and another on "The Costs and Benefits of the Footwear Quota" undertaken by the Institute for Research on Public Policy. The Government had no reason to question the objectivity of these reports.

Accordingly, the Government concurs with the Tribunal report that the Canadian industry has, by and large, restructured substantially and is now ready, with the limited exception of the women's and girls' sector, to meet import competition. Labour dislocations should, therefore, be minimal.

The sensitive women's and girls' sector will continue to receive three years of protection in order to complete the restructuring program. There might be some limited labour adjustment occurring in this sector.

To the extent that there will be some human and social costs associated with the phasing out of the quotas, these will be mitigated by such various adjustment programs as the Industrial Adjustment Service program, the Skill Investment and Skill Shortage programs, the Labour Adjustment Benefits program and the Community Futures component of the Canadian Job Strategy.

Senator MacEachen: I thank the Leader of the Government for that answer. I wonder whether he can tell me, either now

or later, whether any of our trading partners have made comments to Canadian officials, abroad or here in Ottawa, with respect to this policy of the Government of Canada? Has there been praise, criticism or objection taken by any of our trading partners in this regard?

Senator Roblin: Praise is hard to come by in our business; probably there is more criticism than praise. My impression is that there has been some public comment which I have read and which has been reported in the newspapers on this matter, but I am not sufficiently certain to give a positive answer. I will request of the department a report so that I can tell my friend what has happened.

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I would like leave of the Senate to proceed to order No. 7, resuming the debate on the motion of the Honourable Senator Kelly for the adoption of the tenth report of the Standing Senate Committee on National Finance, respecting supplementary estimates (B). I suggest that we deal first with this order and then logically we can deal with the first order of the day, which is the appropriation bill. I believe that will make it a great deal simpler for everyone.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I would suggest that this order stand until later today. It must be dealt with before we deal with the bill.

Senator Doody: Order of the Day No. 7 refers to the tenth report of the Standing Senate Committee on National Finance, respecting supplementary estimates (B), which deals with the supply bill. I was under the impression that the Senate would prefer to consider order No. 7 before the supply bill is dealt with. The report could first be dealt with, so that many of the questions would be answered before we get to the bill. However, I have no objection to proceeding in the other direction. I was simply following the order paper as it has been prepared.

Senator Frith: I think we are pretty close on this. As the honourable senator has said, we want to be sure that the Senate has focused on the committee's report on supplementary estimates (B) before we deal with the bill. We have now stood third reading of the bill until tomorrow. Is that not correct?

Senator Doody: No. It was Bill C-66 that we stood until tomorrow.

Senator Frith: So the bill itself is on the order paper for debate in my name, is that correct?

Senator Doody: No. The scroll says as follows:

ORDERS OF THE DAY:

With leave, Senator Doody asks that the Senate proceed to Order No. 7.—

If leave is granted:

No. 7. Resuming debate on the motion for the adoption of the Tenth Report of the Standing Senate Committee on National Finance respecting Supplementary Estimates "B"—(Senator Frith)—

If Senator Frith deals with that, the next order relates to Bill C-89, the appropriation bill. That has nothing to do with anything that we stood earlier today. That was Bill C-66. Therefore, if Senator Frith or the deputy chairman of the committee wishes to speak on the committee's report, then, in my opinion, that would be a logical way of proceeding. If that is not the desire of honourable senators, I will deal with the second reading of Bill C-89 and we can deal with Order of the Day No. 7 when we get to it. But that will mean that we will have dealt with the same subject matter twice in one day.

Senator Frith: I am sorry, as I am sure everyone is, that my attention was otherwise engaged when we were talking about the order paper. Now that I understand the situation, I should explain that I adjourned order No. 7 because we wanted to deal with it before we dealt with the supply bill. Therefore, I yield to the Deputy Chairman of the National Finance Committee to deal with the tenth report, and we can then deal with the supply bill. I may have something to say afterwards, but I believe he should speak first.

THE ESTIMATES, 1985-86

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) ADOPTED

Leave having been given to proceed to order No. 7:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Phillips, for the adoption of the Tenth Report of the Standing Senate Committee on National Finance (Supplementary Estimates (B) 1985-86), presented in the Senate on 4th December, 1985.—(*Honourable Senator Frith*).

Hon. William M. Kelly: Honourable senators, I am certainly pleased that the matter is finally resolved.

Hon. Senators: Hear, hear.

Senator Kelly: I was waiting for someone to suggest that I did not have to say anything at all on this order; however, I will proceed. Honourable senators, you have already seen the Tenth Report. I should like to draw your attention to the central element in that report. The committee heard from witnesses from the Treasury Board, and the Department of Finance; but, in examining supplementary estimates (B), the committee took care to compare the information contained in those estimates with estimates found in Part III of the main estimates. That was in response to a strong recommendation by the Auditor General that parliamentarians should treat Part III with considerable importance and attention. It became clear, as we proceeded to examine parts of the estimates, that given the present information flow, it was very difficult to find reasons for discrepancies without a great deal of examination and questioning. This led the committee to suggest that the

Treasury Board might look into the feasibility of making available to Parliament, perhaps on a monthly basis, Treasury Board decisions affecting funding allocations along with some brief explanation. In the absence of that kind of information, parliamentarians either have to go through this investigative process or wait for Part III. Mr. Manion, who appeared before the committee, acknowledged that this was one of the weaknesses of a process that is really in a state of evolution. The parts numbered as Part III are relatively new and are part of an ongoing process of refining the whole system of getting information. In addition to looking at various Parts of the estimates, this is really the message that the committee wants to get across.

• (1430)

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I recall reading the report with respect to the new Parts III of the main estimates. I believe that report expresses some concern about the fact that members of Parliament, including senators, have to do private sleuthing in order to get a true picture of the expenditure flow because the Parts III do not necessarily reflect the actual situation at the moment at which they are presented. That is how I recall the report, having read it some time ago. I support entirely the thrust of the recommendation.

Several days ago I inquired as to the procedure and monitoring which exists with respect to the implementation of such a recommendation which is now coming forth from a Senate committee. Can Senator Kelly tell me whether there is a procedure by which the Senate, through the committee chairman or through the Leader of the Government, will transmit this recommendation formally to the President of the Treasury Board and whether there is a way by which we can monitor future events to see whether that recommendation has been implemented? I would hope that there is some procedure and that it is not left to some enterprising bureaucrat to, on behalf of the minister, pick up the Senate report and say, "Minister, there is an idea here and maybe we should look at it." Is there some procedure by which we can ensure that this valuable comment is brought to the attention of the minister formally and by which we can monitor developments to see whether any attention has been paid to the work of the Senate committee?

Senator Kelly: Honourable senators, as the honourable Senator MacEachen knows, I am relatively new to this process. However, I share with him this same concern. My plan, as deputy chairman of the committee, is to raise that question with the Leader of the Government in the Senate, to ask precisely where we go from here. I for one am not comfortable with simply being part of recording what I consider to be a very good idea and assuming that the ritual has been satisfying and accepting that nothing will happen from here on! I would like, to the extent that I am capable, to assure honourable senators that what I have described is the intention of this committee. For my part, subject to the approval of Senator Leblanc, our chairman, I would like to proceed and see what happens, if this suggestion continues to be a good idea in the opinion of the committee and of the Senate.

[Senator Kelly.]

Hon. Duff Roblin (Leader of the Government): Honourable senators, perhaps I could add a comment, since my honourable friend referred to me in his remarks. I am sympathetic to the position he has taken. In fact, there is currently before the Senate a motion with respect to the ways and means by which we should question the government as to its attitude concerning reports made by the Senate. That debate is adjourned in my name and I intend to speak to it. At that time, I hope that I will be able to satisfy members as to a suitable way of making sure that the Senate's comments are duly noted and responded to by the administration.

Senator MacEachen: Thank you.

Motion agreed to and report adopted.

APPROPRIATION BILL NO. 3, 1985-86

SECOND READING—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government), moved second reading of Bill C-89, an act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1986.

He said: Honourable senators, Bill C-89 is Appropriation Act No. 3 of 1985-86 and it provides for the release of the whole of the supplementary estimates (B) for 1985-86, amounting to some $1.676 billion. The total spending authority requested by the bill is just over $1.055 billion, the difference representing statutory items. The majority of the request for authority, some $553 million, relates to the implementation of the Canadian Jobs Strategy. The balance is distributed throughout a number of government programs, as demonstrated in supplementary estimates (B), which were tabled in the Senate on November 7, 1985 and immediately referred to the Standing Senate Committee on National Finance, whose report you have just heard discussed. These estimates were discussed by the National Finance Committee with Treasury Board officials on November 20, 1985, and the committee presented its report on December 4, 1985. If honourable senators would like a breakdown of the various sub-headings in the supplementary estimates (B), I have them. However, I am sure that honourable senators have already studied them very carefully.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I would ask Senator Doody whether he has the comparisons and break downs of items into statutory and non-statutory items and so on.

Senator Doody: I have two pages here.

Senator Frith: Then I suggest that they be made a schedule or at least be appended to the *Debates of the Senate* of this day. In that way, I will have the benefit of those figures, plus the report, plus the comments made today, when I deal with the matter tomorrow. If I have an undertaking or if it is understood that we are going to do that, then I move the adjournment of the debate.

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

Hon. Senators: Agreed.

(*For text of document see appendix, p. 1731.*)

On motion of Senator Frith, debate adjourned.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CONSIDERATION OF SENATE ESTIMATES FOR 1986-87—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Estimates of the Senate of Canada for the financial year 1986-87, as approved by the Standing Committee on Internal Economy, Budgets and Administration, tabled in the Senate on 11th December, 1985.—(*Honourable Senator Roblin, P.C.*).

Hon. Duff Roblin (Leader of the Government): Honourable senators, this is the first occasion on which I have been able to debate on the floor of the chamber the budget of the Senate, because, for reasons which are not too clear, we have not been in the habit of having the Internal Economy Committee requesting a debate in the Senate with respect to the budgets of this institution. I think it is a good thing that we have decided to do so now. I hope we will do so in the future, because I think there are a number of important issues which senators ought to consider with respect to their own affairs.

The Internal Economy Committee had many prolonged meetings in order to deal with its budget. The subcommittee that first considered the matter proposed an expenditure of $30.2 million, which represented an increase of 14.8 per cent over the current year. After much debate, hard work and reconsideration, the full committee were able to bring about a significant reduction in that total, and they eventually recommended the amount that was referred to on the last occasion when this subject was spoken to by the Honourable Senator Frith. This, in effect, proposes a total expenditure in the next fiscal year of $28.4 million, which is an increase of 5.1 per cent over last year and represents an increase in total expenditures of $1,390,000.00. I think it fair to say that some members of the committee, even then, were asking for further reductions, but that was not agreed to by the majority.

● (1440)

If one accepts the rather interesting, innovative accounting calculations in terms of percentage that were presented to us by Senator Frith the other day, the increase could be said to be further reduced to a total of 1.6 per cent, which at first hearing sounds rather interesting. However, no matter how ingenious that percentage calculation happens to be, the plain fact is, unfortunately, that, for the taxpayers who must foot the bill, the actual extra sum that we are asking them to provide next year is not 1.6 per cent over what we are spending now but really 5.1 per cent, or $1,390,000.00 more.

My thesis today is that, despite the efforts of the Internal Economy Committee, I think we can run a tighter ship, and I think we can economize further, both in dollars spent and in staff employed, and that we ought to try to do so. This budget proposes an increase of $1.39 million, or 5.1 per cent. I think we can do better. I think it can be reduced by a total of some $700,000 to give us an increase over this current year of 2.5 per cent. That is approximately half of what the proposal asks for now. That gives us an over-all expenditure of $27.7 million. I suggest that next year the Senate can get by and that it can operate, and operate well, on a budget of $27.7 million, which will enable us to limit our increased request for next year to $700,000. We can also do this with a slightly reduced number of people working in the Senate, particularly if we achieve that reduction by way of attrition, rather than by reducing the number of people who work here in other ways. I suggest to you that we can do this without short-changing our committees, without scrimping on our sessions or without detracting from the usefulness or the efficiency of the Senate. In fact, I believe that, with another $700,000 over what we have this year, we can not only keep up our standards but, by making better use of the resources of money and of people that are available to us, we may even be able to improve on what we are doing in this chamber.

I think it is important to ask oneself the question: Why? Why should we be concerned about economy to the extent that I indicate? Is there any special obligation on the Senate that we should use what I think is unusual care in deciding the burden that we should ask the taxpayers of the country to accept, and the burden that we will impose on the taxpaying public? I suggest that there is. I think there is a special obligation on this body, on this second chamber of our parliamentary system, to take great care in the calculation of its budget.

We are subject to no financial controls. We are subject only to self-control. Neither the House of Commons, the Minister of Finance, the Treasury Board or all of these put together, nor any other authority that I am aware of has any control over the budget that is put forward by the Senate. By convention, and some would even say by right, there is no authority that can cut our budget but ourselves. We are sovereign. The taxpayers, who have had no part whatsoever in putting us here and to whom we are not responsible in any parliamentary sense, and whom we do not represent in any except a democratic sense, are the people who must foot the bill which we ourselves decide they should pay. We are the masters of our fate; no one can tell us what our budget can be. We are the only authority that can deal with this matter and yet we are able to impose that request on the treasury of the country and have it fully met, regardless of what we ask for.

When one considers our position in that light, I think there are good reasons why we must be self-disciplined in this matter. There are good reasons why we must be prudent and why we must be sensitive to the financial problems of this country today. We must be sensitive to our contribution to the public debt because, just as sure as we sit here, any increase that we ask for cannot be found out of surplus funds of the government. There just aren't any. It will inevitably put pressure on the deficit and therefore on the public debt. Even though one might say that, in terms of the vast amounts of

money that are involved in those calculations, our additional burden may not be a large one—nor is it—yet I think there is a very important symbolic factor that cannot be overlooked.

Therefore, I submit to the chamber that there is a need; there is a need for a self-governing body with power to demand the taxpayers' money to exercise self-discipline and to offer a prudent example. It seems to me that that is a need which we should face squarely.

Having said that, I would also maintain as vigorously as any that we have a constitutional duty to discharge; that we have a legislative and investigative function to which we must pay attention and that, when we consider our responsibilities under the Constitution, we are duty bound—and I put it that way—to seek sufficient funds from the public purse to enable us to discharge those responsibilities well. Therefore, any comments that I make about the budget of the Senate recognize not only the need for us to be self-disciplined and prudent in what we ask for, but also that we should be realistic in asking for what we need to carry out the job that has been given to us. I do not propose any economies that, in my view, would interfere with our discharging our responsibilities, and doing this well. However, I think we can meet that test while, at the same time, limiting our increased requirement for cash in the coming year to 2.5 per cent of what we are asking for now.

How, then, is it to be done? You want a decrease in the estimates of expenditures; what items should be examined? One thing I am sure: Every item of the original $28.4 million, if taken individually, can be supported in one way or another by someone or other. I have taken part in sufficient budget sessions in the course of my experience to know that experts and interested parties can always justify what they want to spend. That is a given that I think we must all accept—that interested parties and experts with information at their fingertips can always justify what they want to spend. In a sense, we are really subjected to what has been described in an air force term that will be familiar to some veterans here. There is always the danger, in budgetary considerations, that those who want to spend money can blind with science those who think that economies could be made. By that, I mean, of course, that those who have a specialized requirement for money can always overwhelm and overcome any reasons that are put forward with respect to the reduction of expenditures. It is just a given fact that anyone who has had anything to do with government, or indeed bureaucratic government expenditures, will, I am sure, vouch for. I was a provincial treasurer for some time, as was my friend Senator Doody, and when we got to the table at budget time, we found that the departments concerned and all of the people who wanted to spend were well supplied with reasons—and good ones—as to why the money should be spent. It took a real effort of will to decide that certain things should go and certain things should stay, so that the result would come within the bounds that were set before us. That, I think, is part of our function as members of the Senate.

● (1450)

While accepting good faith and accepting the well-intended judgment of those who appeared before the Senate Committee on Internal Economy, Budgets and Administration on the preparation of this report, we have to subject it to the kind of scrutiny and examination that I have been talking about. What I am saying is that the spender can always out-argue the budget cutter, and usually does. We see this sort of thing all around us, and the dilemma of the United States Congress seeking to cut its expenditures is the classic example these days. Congressmen know they should cut and will cut as long as the cuts do not affect them; cuts yesterday, cuts tomorrow, but never cuts today.

So, I am very conscious that if I deal with any particular item in this budget I expose my flank, because I know there are many honourable senators who have a sufficient grasp of the situation that it enables them to present important arguments as to why any economies I suggest might be unreasonable. So, I understand that I run the risk of being blinded by science from those who have a special interest in the items of expenditure that I am talking about, and that I am exposing my flank, but I will do so anyway because I am doing it for illustrative purposes, and when I come to the end, honourable senators will see that I have a method of reconciling these problems.

When we look at our budget there are some fortunate things to be noted. First of all, we do not have to worry about statutory increases. There are statutory increases over which we have no control respecting the salaries and wages of the people who work here—indeed, I think there are increases for honourable senators as well—but fortunately it is a situation that we can handle. The additional amount required for increases in salaries and wages is $577,000. Most of that can be offset; it can be offset because we are saving $538,000 in grants to parliamentary institutions. While the two sums do not exactly match, they do put us in a position where we can pay almost all of the increase of $577,000 for salaries and wages by virtue of this economy of $538,000 in respect of parliamentary institutions. That is an important consideration, and we are obliged to take that into account.

What about the rest? Let us look at some of the other items mentioned in the statement given by the deputy chairman of the committee the other day. I take, for example, research assistance. There is a new item in here for $320,000 for ten more people to provide research assistance to senators. On the face of it, that sounds like a wise expenditure of public funds because it may help us to do a better job. It is true that we have gotten along without that kind of help for lo these many years, and it is true that we have the Library of Parliament which provides a great deal of assistance in this respect. But let us leave that aside. If we really need research assistance, as is suggested, I think there is a way to get that without its costing more or without hiring more staff.

In this year of grace there are 387 people working in the Senate; 93 of those work directly for senators as stenographers, research assistants or clerical assistants. There are 93 people engaged in that work, and the salaries for those 93 people total $2,524,000. I know from my own experience—and I would not be surprised if other honourable senators say the same—that

some of these worthy people are not fully employed. That is not any fault of theirs; they have been given a particular job to do, but under the system they are not fully employed. It seems to me that this is an area in which we could consider some redeployment. We have 93 people working for senators directly, to say nothing of the other 294 Senate employees. I suggest they be redeployed to a better purpose, and it would not be difficult to free up ten of those people for research work, if we think that that should be done. At the same time, we will find that if people are more fully employed they will not only be happier in their jobs, but we will get all of the services we require to carry out our duties. So, if each caucus pools its staff and reassigns these people to take on a research function—and I think we can find ten willing to take on that job—then I think we will do well. In other words, there would be better use made of the people we already employ so that they can provide a service which some senators think is necessary in terms of this research function.

So, without wishing to be pedantic about it, it seems to me that this is a way in which we can meet the wish for more research assistance to senators without costing the public any more money—that is, redeploy the people we have, make better use of the people we have. I think we will find that that fits the bill.

I wish to say a word about committees and the expenses of committees. Committees are the pride of the Senate. There is no place for foolish economies in what Senate committees do. Committee work is at the heart of our senatorial activities, and is a function of the Senate which is certainly dear to me, and which I think redounds to the credit of the Senate. Insofar as the general public are aware of what we do at all, they are aware of what we do in committee. I think the public generally approves of that work.

Our committees have never been more active than in the past year. They have worked harder, held more meetings and conducted more business. I pay my respects to committee members of the Senate, particularly those in the opposition, who I think have been co-operative and helpful in our committee work. I take this opportunity to pay my respects to them. So, I am high on committees. The sum we request for committees next year raises some questions, however.

The bill for the current year for committee work is expected to be a little over $1 million. The new budget calls for some $1,286,000, which is an increase of 26 per cent. In addition to that, there is a new item called "contingency respecting committee work" of $100,000. So, total committee allocation is up considerably. If one adds in the $100,000—and it is arguable whether one should or should not—that comes to a 36 per cent increase.

Our committees have never worked harder than they have on the $1 million budget they now have. I think the kind of increase called for here, of 26 per cent or 36 per cent, depending how one looks at it, in connection with committee work may well be ambitious. It may well be that we do not need to spend that money in order to have committees do what they ought to do, and that we would be well advised to cut our cloth a little closer to our measure in this particular aspect.

Another item specifically referred to relates to the appropriation of $350,000 for the OASIS system. The OASIS system has many desirable characteristics to it. It provides a very important information retrieval facility on a television screen that has much merit and is of reasonably low cost, but there is an expensive part of the OASIS allotment which I think should be looked at, and that is in connection with word processors, which surely can only be needed in a few instances. They cost $14,000 each.

My office—and I say without reservation that it is the busiest office in the Senate—manages quite well without a word processor. My staff use significantly less costly electronic memory typewriters. A very good one with a 64 page memory can be purchased for $2,800. It seems to me that that is the way we ought to go in trying to improve services for senators.

I am also concerned that we have not sufficiently explored room for economies in our printing needs. I know there have been a number of discussions with the staff of the Senate and members of the committees about room for economy in printing needs. I think there is a good possibility that significant additional savings can still be made in this area, yet I see no evidence in the budget that we really intend to do this. It seems to me that we are missing an opportunity.

I also noticed in the information provided by Senator Frith that we are going to spend $200,000 to move senators. On inquiry I find it is intended that we move 15 senators from the Victoria Building to the East Block and Centre Block. That works out to approximately $13,000 per senator. As the offices currently occupied by senators are well furnished, it certainly raises a question in my mind as to whether this sum of money is absolutely required in the coming year.

If one wants to look at some of the smaller items not mentioned in the report, one could look at the figure of $25,000 for coffee at committee meetings. I think senators would be prepared to pay for their own coffee if asked to do so.

• (1500)

Our entertainment and hospitality budget goes up from $28,640 to $66,000 which is about an increase of two-and-a-half times.

Senator Frith: Whose hospitality?

Senator Roblin: The general hospitality. I have added all the figures together under the item of hospitality.

Senator Argue: What hospitality are you talking about? I have never heard of such a thing. Coffee in the Reading Room is all I ever got.

Senator Roblin: Senator Argue could not have attended many committee meetings because every committee serves coffee until it is running out of your ears.

Senator Argue: I thought it referred to other things.

Senator Roblin: If you read through the figures presented to us you will see that that is a separate item. The figure is

$25,000 for coffee. That is chicken feed, I suppose, but it is something that we could well afford to pay for, ourselves, if we wanted to.

Senator Argue: Do I understand that we will charge our guests as well?

Senator Roblin: If I have a guest in the Parliamentary Restaurant or some place like that I am pleased to pay for my guest and I know that my friend is too.

Senator Argue: I am not talking about guests in the Parliamentary Restaurant but witnesses who appear at the committee meetings.

Senator Roblin: If my honourable friend thinks that I am unreasonable in this matter, that is open to debate. I simply raise the issue because it is illustrative of the kind of things that we might consider.

Computer software is going up from $5,000 to $30,000. It may be unavoidable but it certainly does raise a question in itself.

I am not going to go any further in dealing with individual items, because I am satisfied that all individual proposals can be supported by argument. The argument will convince some, and we can give increases for any item we like, but the fact is that when you get to the bottom line the increase has to be paid for and that is really what concerns me.

Perhaps it is instructive to make some comparisons with the House of Commons. I do this because in discussions on other occasions with members of the Senate I found that some of my colleagues think we are substantially better managed than the House of Commons and that we have a better record, and that may be true, but there are some comparisons that do not bear out that comforting assertion.

I go back to the time when I was appointed to the Senate and in the budget for 1979-80 the estimates of the Senate were $13.4 million. Eight or nine years later they are $28.375 million with the approved figures that are before us, and that is more than double. There has been a cumulative increase in those few years of 111.9 per cent. Some people say that times have changed and we have had a lot of inflation, we do more work and there are all kinds of good reasons. No doubt, that is true, but I think that the same argument could be made in the House of Commons. During the same period their expenses went from $83.8 million to $167.5 million which is a cumulative rate of increase of 99 per cent. If those figures interest you and if percentage increases are of any value as a source of information, the Senate costs are rising considerably faster than those of the House of Commons. It is particularly noteworthy that this year, when we are asking for 5.1 per cent more, the House of Commons has come down to 2.5 per cent more. So, one can see there an interesting comparison of trends.

Let us take another way of looking at the same thing, namely, the number of people who work for the Senate, on the basis of person years. When I came here eight or nine years ago the number of people who worked for the Senate was 264. We are proposing 406 in the coming year, including ten for research, including nine in the parliamentary relations office, but not including the ten person years which are established but not being funded. I am really talking about the number of people we intend to pay for in this budget, which is 406. In the period since I came here the number of people working has gone up by 142, which is a 53 per cent increase. During the same period the number of people working in the House of Commons has gone down, which is an extraordinary fact. I did not think that that was so until I called for the figures.

In the new year the Senate proposes an increase of ten more people and the House of Commons achieves a reduction of 70. The House of Commons is not the Senate, and I do not present these comparisons in any absolute sense that they are conclusive in every particular, but I think comparative trends cannot be without some significance.

The House of Commons is increasing its expenses by 2.5 per cent and we want an increase of 5.2 per cent. The House of Commons is decreasing its staff by 70 and we want ten more. Over the ten-year period I do not think our record has been conspicuously better than the House of Commons if anyone goes by these figures.

The Senate is not the House of Commons. We are an independent legislature. We have our own responsibilities. We have the power to set our own expenditures and we have a judgment to make; whether the figures we present are defensible and should be supported. But we also have to remember the fact, as I mentioned when I started, that as a body that is self-controlled we have a special duty to ensure that we are doing what is absolutely right, particularly as any increase we require will add to the problem of public finance and to the pressure that the taxpayers will have to bear.

I think we all agree that sober second thought is a good idea around here. It includes prudence with regard to our responsibilities and prudence with respect to our image and to our example. In this matter, I want to make it clear that I do not rest my case on any of the specific items of expenditure that I mentioned previously, because I am certain that when I sit down a number of senators could zero in on those particular items and present a sound justification for them, one which would certainly convince some that they are correct. But I am resting my case on the fact that the overall amount that we are asking for, all things considered, is more than we need to ask for. We do not need to ask for 5.2 per cent or $1.3 million more than we got last year. We can make a reasonable and acceptable request which involves increasing our budget next year by only 2.5 per cent which, in turn, translates into $700,000. We can limit the increase over last year to 2.5 per cent and at the same time we can easily reduce the number of person years we have here by some 2 per cent, which represents eight people. I would not suggest that that should be done by discharging anybody, because I do not think it is necessary. It certainly can be done by attrition over the coming period and that is what I would suggest we do.

I think our committees have worked conscientiously. They have laboured long and effectively. I suggest they have one last good push in them, and if we ask them to restrain their

expenditures within the reasonable parameters I have mentioned so as to render our call on the Consolidated Revenue Fund as reasonable and as economic as we can make it, I think we can safely count upon them to do the job. While doing that, we can, at the same time, by making the best use of the people we have and the best use of our money, do an even better and more useful job as senators for the people of Canada.

I have a resolution to propose in amendment and I will read it in a moment. But there is one final thought I should like to leave with my colleagues. I hope that, regardless of what your views are on the amendment that I propose, we would deal with it as expeditiously as possible. We are approaching the time when figures have to be presented to the Treasury Board. I think that if we were to accept my resolution and report back to the Senate before the Christmas recess that would be time enough. I am even persuaded that if we could not do it within that time, it would still be worth doing if it were done at the beginning of the new year, but I hope that it would be done before we rise for the recess.

Therefore I move, seconded by Senator Doody, the following amendment to the motion proposed about the estimates for the Senate:

> That the Estimates of the Senate of Canada for the financial year 1986-87, as approved by the Standing Committee on Internal Economy, Budgets and Administration, tabled in the Senate on 11th December, 1985, be not considered at this time but referred back to the Committee with instructions that it:
>
> (1) reduce, by attrition, the number of persons presently on staff by 2 per cent, from 387 to 379;
>
> (2) conform to the guideline that the increase in the total budgetary Estimates of the Senate for 1986-87 not exceed the Estimates for the current year by more than 2.5 per cent; and
>
> (3) report back to the Senate before it adjourns for the Christmas recess or as soon as possible.

• (1510)

Some Hon. Senators: Hear, hear.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I rise on a point of order. The motion Senator Roblin was speaking to is an order for the consideration of the estimates of the Senate of Canada for the financial year 1986-87. That was brought forward pursuant to rule 67(f) which states:

> The Committee on Internal Economy, Budgets and Administration . . . which is empowered on its own initiative to consider any matter relating to the internal economy of the Senate, including budgetary matters and administration generally, and to report the result of such consideration to the Senate.

This is in the same category as the report on budgets of committees and other items that are reported. It was not a motion for the adoption of the report.

That does not mean, however, that Senator Roblin's proposal is out of order, but I do not think that it is, strictly speaking, an amendment; I think it is a resolution dealing with the estimates which were before us for consideration, not for adoption.

Senator Roblin: I do not know whether the point of order is a critical one, but my wording is "that it not be considered now."

Senator Frith: That is fine. It is not just an amendment; it is a resolution dealing with the matter before us for consideration.

Senator Doody: It is separate.

Senator Frith: It can be attached to it, but it is not an amendment as such.

Honourable senators, with reference to that resolution, I suppose it is separate enough that we can now consider it as a substantive matter before us for debate and as a matter to which no one else has spoken except the mover of the resolution.

As far as the timing of the motion is concerned, I would be prepared to speak to it immediately and, speaking personally, would be prepared to vote on it if we want to proceed expeditiously. However, a number of other senators may want to speak to it; so, I do not want to, nor can I, insist that it be brought to a vote immediately even if I speak to it today.

If no one else wishes to speak to the motion today, I am quite prepared to do so.

Hon. Eymard G. Corbin: Honourable senators, I wonder if I may be allowed to put a question to the Leader of the Government in the Senate. We moved so quickly through the process of having the proposal read from the Chair, and I had anticipated asking him a question for clarification before that was done.

At one point, towards the end of his speech, Senator Roblin drew a comparison between the relative increase in the Senate's budget and that of the House of Commons. From an argumentative point of view, that may well be an important consideration, but could I ask him to tell us again what he is comparing and for what period? I did not quite catch what he was attempting to do when he established the difference between the operating budgets of the two houses of Parliament. Could he clarify that matter for me, please?

Senator Roblin: I do not think I was trying to make an absolute cut-and-dried argument, because the two houses are quite different, and any comparison between them has to be carefully modified so as not to give an incorrect impression. I believe I said that in my speech, but, if I did not say it then, I certainly say it now.

I was trying to show the relative trend of expenditures in the two houses in terms of dollars—that is all, dollars. The other comparison related to people employed in the two institutions. That is all I was attempting to do.

I believe I said in my speech that, while it would be wrong to draw concrete conclusions from these sets of figures—which is

usually the case in most comparisons—they did indicate the trends that we were seeing in both houses. The trend in the Senate, in terms of money, was not substantially more economical than that of the House of Commons over that eight- or nine-year period. The same held true in terms of person years.

Hon. John M. Godfrey: Would the Leader of the Government in the Senate have any idea as to where these increases in personnel arose? Has there been an increase in the number of secretaries, messengers or other personnel? Those of us who are not on the committee have very little idea as to where this increase has occurred. Where did this great increase in bodies take place?

Senator Roblin: I am really not attempting to do that because that leads to a discussion as to whether these increases were justified in the past. I am not entering into that argument. They may well have been justified. If they were not justified, I would hope that they did not happen. I am merely saying that this is the result we see before us.

On motion of Senator Frith, debate adjourned.

REGISTER OF SENATORS' INTERESTS

STANDING RULES AND ORDERS COMMITTEE AUTHORIZED TO CONSIDER RELATED MATTERS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Phillips:
>
> That the Standing Committee on Standing Rules and Orders consider matters related to the establishment of a Register of Senators' Interests, and report on these and any other matters relating to registration of Senators' interests, including the form and content of such a Register, considering among other matters relating to the registration of Senators' interests, the following:
>
> (a) remunerated directorships of companies, public or private;
>
> (b) other remunerated positions or offices;
>
> (c) remunerated trades, professions or vocations;
>
> (d) the names of clients when the interests referred to above include personal services by the Senator which arise out of or are related in any manner to his or her membership in the Senate;
>
> (e) any payments or any material benefits or advantages received from or on behalf of foreign Governments, organizations or persons;
>
> (f) land and property of substantial value or from which a substantial income is derived; and
>
> (g) the names of companies or other bodies in which the Senator has, to his or her knowledge, either himself of herself or with or on behalf of his or her spouse or dependents, any beneficial interest including—among others, shareholdings—of a nominal value greater than one-hundredth of the total capital assets of the company or other body.—(*Honourable Senator Frith*).

[Senator Roblin.]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I wonder if any senator feels that there is anything wrong with the suggestion in principle. I have asked honourable senators to consider order No. 8 which is, in effect, a motion to authorize the Standing Committee on Standing Rules and Orders to examine the proposed establishment of a register of senators' interests and report; in other words, that we consider the establishment in the Senate of something that is under study in the House of Commons at the same time.

I have no objection to this motion and do not intend to oppose it on principle. I think it is appropriate that it go to a committee. If, however, some senator thinks we should not be studying this at the same time as the House of Commons is doing so and considering the application of this House of Commons proposal to the Senate, then he or she might wish to intervene in the debate. Otherwise, I think we should refer this matter to the committee.

• (1520)

Hon. Ian Sinclair: Honourable senators, might I ask a question? What is the meaning of paragraph (g)? It reads:

> the names of companies or other bodies in which the Senator has, to his or her knowledge, either himself or herself or with or on behalf of his or her spouse or dependents, any beneficial interest including—among others, shareholdings—of a nominal value greater than one-hundredth of the total capital assets of the company or other body.

Does that include private companies?

Senator Frith: Honourable senators, I do not know what that paragraph means in full. That is one of the questions about which I have further questions. That is why I think that it would be a good idea to refer this matter to committee. We could then consider that question.

Hon. Duff Roblin (Leader of the Government): I might be able to throw some light on the origin of this set of references. The wording here has been taken from a resolution that is in force in the House of Commons in London. This is the set of rules under which it operates with respect to this subject. The Canadian House of Commons, as we know, has thought it advisable to consider the same topics. We are being asked to do the same.

As to the advisability or definition of the terms, those are things which I had hoped the committee would look into. Because this is on the order paper by no means indicates to me that we must approve it as it stands. We may have substantial objections to what we see, or we may have means by which to improve it considerably. I hope that honourable senators will feel that this represents merely the beginning of a discussion on this topic and that the field is wide open for changes, requests for information or improvements. It is by no means a cut-and-dried proposition.

Motion agreed to.

RIGHTS AND FREEDOMS

CANADIAN FORCES—SPOUSES OF MEMBERS—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Marsden, seconded by the Honourable Senator Stewart (*Antigonish- Guysborough*):

That the Senate do urge the Government of Canada to permit freedom of assembly and speech, and such other freedoms guaranteed to all other Canadian citizens, for spouses of members of the Canadian Armed Forces.

And on the motion in amendment thereto of the Honourable Senator Frith, seconded by the Honourable Senator Fairbairn, that the motion be not now adopted, but that it be amended by deleting the period after the word "Forces" and adding the words "and to amend or repeal all relevant regulations and orders accordingly."—(*Honourable Senator Flynn, P.C.*).

Hon. Jacques Flynn: Honourable senators, I note that Senator Marsden is not here. I was going to ask whether she had secured the documents to which she had made reference. For the time being, however, I suppose that the order might as well stand.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we can debate the matter further but the intention, as I understand it from Senator Marsden, is that the committee, rather than Senator Marsden, will try to obtain all of the standing rules or governmental orders that apply.

Order stands.

FOREIGN AFFAIRS

VISIT OF CANADIAN PARLIAMENTARY DELEGATION TO FEDERAL REPUBLIC OF GERMANY—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Wood calling the attention of the Senate to the visit of a group of Canadian Parliamentarians to the Federal Republic of Germany at the invitation of the President of the Bundesrat, from May 17 to 24, 1985.—(*Honourable Senator Macquarrie*).

Hon. Heath Macquarrie: I have learned, honourable senators, that it is quite often more popular for a senator to shout "Stand" than it is to actually stand. I have yelled "Stand" for a long time, but I know that my colleagues are all waiting for my views on this visit that was made to West Germany in, if not the merry, at least the beautiful month of May under the chaperonage or leadership of our distinguished Speaker. I am, as the late John Diefenbaker used to say, one of those who, through the years, have believed that parliamentarians should not come back in either concealment or in apology because they have taken part in a visit to some other part of the world. Isolation would be as foolish for members of the Canadian Parliament as it was for members of the American Congress in the inter-war period. I think that even the worst of us learn something and that, perhaps occasionally, we might impart something to justify the exchange between parliamentarians.

I congratulate Senator Wood and I am *ad idem* with her on her findings and her value judgments. I may say that she and all of the members of the delegation were, in my view, excellent representatives of our country abroad. Our Speaker, with his suave geniality, was an exceptional ambassador of goodwill. He was the one who had to make all of the "speechettes", and speechettes are difficult. He always made them with aplomb. I thought that he held high the image of our country and our Parliament, and I commend him for that.

Honourable senators, it is fascinating to see, in an historic and beautiful country, certain things which can startle or at least impress even those who have travelled a little and lived a long time. I was charmed by the natural beauty of western Germany, of its wonderful rivers—most of them polluted, of course—its great growth and its greenness, which reminded me of Prince Edward Island. I am always impressed when I go to certain parts of Europe and see their wonderful horse-chestnut trees. Over there, perhaps one out of three has pink blossoms, whereas in Canada we have only those which are adorned by white blossoms. When I returned, of course, being as serious a research student in the natural sciences as in the political sciences, I wrote to the leading silviculturalists in Canada and learned, to my surprise, that even the white horse-chestnuts precariously wintered in this country. That came as a surprise to me. In Prince Edward Island, you ain't nobody unless you have a horse-chestnut tree on your lawn, but I am told that in most parts of Canada our climate is a little too tough for the species, and that the chances of developing some of the beautiful pink blossomers would not be very good.

Honourable senators, I thought that it was most important that we spend some time in Berlin. Although I had been to Germany more than once, I had never travelled to Berlin. While you can read to find out precisely how far the Wall is from the Reichstag building and to know all about the obscene devices, if I may use that expression, the East German authorities employ for keeping their own people in—putting it bluntly—you have to see it to get the full impact of it. When you look across a distance which is probably not much farther than that separating me from my good friend Senator Cottreau to see an armed young man from somewhere in eastern Europe who sits in a cramped observation post and who, with binoculars, looks to the west, you wonder what in the world is wrong with these people who find it necessary to literally imprison their own. The whole of East Germany has a protective wall, although it is not as elaborate as that which contains East Berlin. As we stood in the Reichstag, I thought of the time of John Kennedy, which is full of many memories, some terrible. He came back from Berlin to say:

> It is our adversaries who must build walls to contain their people . . . All the world knows that no successful system builds a wall to keep its people in and freedom out—and that the wall of shame dividing Berlin is a symbol of Communist failure.

I think it is, honourable senators. I believe that if that obscene obstruction were obliterated, their state would not disappear. It would not crumble. It would not pass into nothingness. Yet there is that terrible insecurity, that awful uncertainty, as to the fate not only of their own people but of their own system. Also, honourable senators, it was interesting—to one who gives even a passing thought to history—to be in a great nation called West Germany and have no Prussia there. It seems that historically we had been brought up to think that Prussia was the epicentre of the whole thing and that the empire, as it was, was built around the great ambitions of Prussian leaders and Prussian ambitions generally. But here we were in West Germany, and Prussians are not there.

• (1530)

I also have to confess that I am not one of those members of the Progressive Conservative Party who extoll every day their devotion to big business, to free enterprise, and all of those things. I am way over on the progressive side. But as I looked at this great country, and while I have some idea that it has problems, I realized that one would not have to be there or have to read a great encyclopaedia to know that it is a prosperous country. It is not, by any means, a socialist country. It is a right-wing country. So even I have to admit that someone has to be doing something right; and it is so encouraging to reflect on the state of the Germany that came out of the Second World War and the Germany that came out of the First World War. Sometimes in history, as in life, we are blessed—and the world is blessed—to have the right people in the right place.

Our leaders, after 1918, never gave the German democracy a chance. There were good men in the Weimar Republic, and as they structured their democracy, it was a fine institution in faith. But our world was always closing in upon them. However, in the 1940s we had a Marshall, a Roosevelt, a Truman, a Churchill, and, difficult though he was—although he was perceptive—a De Gaulle. So things happened whereby that country was not only allowed to come forward and regain its feet economically, and develop itself democratically, but it was positively encouraged to do that. I believe that of all of the examples of western statecraft and diplomacy, their handling of the German situation was truly magnificent: strong and firm where necessary, as in the Berlin Airlift, but forward looking in reference to the Marshall Plan.

So we Canadians walked in freedom in that country. We saw its great institutions. We saw its prosperity—although we were not so naive as to be unaware of the problems which they have in their society and in their economy. But no one today is in fear and trembling about the strength of the economy of West Germany, or about its contribution.

It is often said that these are "la-la" gatherings, where "sweet nothings" are murmured. But I can recall some very useful conversations. The leader of our group was our own distinguished Speaker of the Senate. But, as one of the members, we had a member from the House of Commons in the person of Mr. Oberle, now the Honourable Frank Oberle. I recall his speaking with great candour to some of our German counterparts about things that, as it says in the old Anglican Prayer Book, they might have left undone, but yet they turned about and did—and vice versa. There are certain very serious irritations, or irritants, and I was impressed by his candour; and if an alliance is worth anything, there must be a place for candour and plain speaking. I was impressed by all of that.

Lest it be said that I am a mere Pollyanna, praising everything, I was, in fact, rather disappointed that on our last night there, when I had geared myself spiritually to go to the opera, lo and behold, the opera was taken off our agenda, and even though I wished to go alone, I had no chance. So my cultural deprivation I protest about.

Senator Doody: Maybe you should go back again.

Senator Macquarrie: Our deputy leader says that maybe we should go back again. I think I should go over there and see another play, because I am told it was in one of the great music halls in the whole world, in terms of acoustic purity. But, alas, I shall never know, since I was cut off from that flowering of my own cultural development.

But, honourable senators, our Speaker led us well. Once in a while I thought he led us to too many industrial plants. Honourable senators may be thinking that I was going to say something else; but, of course, I wouldn't. But, as one who is not terribly well-versed on industry, and less on big business, there were some that I could have done without.

But it was a highly and well organized opportunity to meet all sorts of people in many walks of life in that great republic. When one goes abroad, one should always try to learn something, and I did learn something. One of the German officials told me something that everyone else knew but which I had never heard before—that the great Dr. Kreisky, the long-time Chancellor of the Republic of Austria, was such a world salesman that he had convinced the world that Hitler was a German and Beethoven was an Austrian—and I thought that was real diplomacy and real salesmanship.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have been stimulated by the comments of Senator Macquarrie to make a few observations about the parliamentary delegation to the Federal Republic of Germany, led by His Honour the Speaker. I can only join enthusiastically with Senator Macquarrie in expressing my admiration at the conduct of the Speaker of the Senate who, as the honourable senator said, conducted himself with great credit to this country and to the Parliament of Canada.

I was pleased to join the delegation because it was led by the Speaker of the Senate, and because I wanted to support him in any way I could as a member of the delegation. I have not been an avid or frequent member of parliamentry delegations. In all my years in Parliament I believe I have been a member of only three parliamentary delegations.

Senator Roblin: That was because of your being in the cabinet.

Senator MacEachen: Two of them have been led by Speakers: One to China, led by the former Speaker of the House of Commons, presently the Associate Chief Justice of the Federal

Court; the second was to the Federal Republic of Germany, led by our Speaker; and the third delegation was to the Commonwealth Parliamentary Association in London some years ago, in which I had the honour of leading the Canadian delegation, and at which meeting the Honourable Gerald Regan was selected as head of the Commonwealth Parliamentary Association—which, I believe was a surprise to the British incumbent and a delight to Mr. Regan, who contested what was, shall I say, a very brisk election in order to get the job. If there is anything that Mr. Regan was good at—and he was good at a lot of things—it was running elections.

• (1540)

Senator MacDonald: I know the feeling.

Senator MacEachen: I never thought that I would be at the corner of the Parliament Building with Mr. Regan canvassing delegates in order to help him become head of the Commonwealth Association. In fact, of the delegates at that time, one other member who comes to mind is the late John Connolly who among others was also a member of Mr. Regan's campaign team.

I have some very distinct impressions about the visit to the Federal Republic of Germany. One impression is, of course, the existence of the Berlin Wall. As Senator Macquarrie stated, it is an historic fact that the experience is quite different. A visitation to the Wall and to Berlin itself underlines very graphically the deep divisions which still exist between East and West and underlines the dilemma faced by the German people in attempting to reconcile their existence in two separate countries and in two separate power blocs. I was surprised to discover that the occupying powers still control the airways into Berlin. Air France, British Airways and the American airlines fly into Berlin and continue to exercise the air rights. In fact, I had some spare time in the airport in Berlin and I thought I would find out whether there is a flight from Glasgow to Benbecula, which is located on the island of South Uist. I approached the clerk behind the British Airways counter in Berlin airport and asked him about flights from Glasgow to Benbecula. He said, "Sure, I can find you that," and reported to me the flight from Glasgow to that small island, which illustrates the presence of the occupying powers in that country.

I want to say something about a disappointment which I have with the visit. As Senator Macquarrie has said, we had many dinners, luncheons, ceremonies and visits to plants. I believe that all this becomes tiresome, particularly when it has to be done in a disciplined group on schedule. That kind of activity can be done much better by individuals travelling alone. I felt that the most rewarding part of the visit was the opportunity we had to have some substantive discussions with the political leaders, including Mr. Strauss, the political leader in Bavaria, and members of the German Parliament. However, even those discussions with German parliamentarians were skimpy. Those who were part of the delegation may recall that we met with certain members of the foreign affairs committee of the German Parliament. The scene reminded me of Ottawa itself and how busy members of Parliament and senators are and how little time they have, usually, to be the attentive host to visitors, something we all like to experience when we travel abroad. Certainly, I could not complain because I know how frequently visitors to Canada have not been able to see ministers, members and senators in an organized way because of the busy schedule these people live under and work under. I do not know how to overcome this shortcoming, but I believe the benefit of these parliamentary delegations lies basically in substantive discussions with parliamentarians, political leaders and officials, rather than in touristic ceremonial events. I understand the necessity of the latter, having participated in them so frequently as a minister while travelling abroad, but they are not of the essence. They are marginal, and I think that in the future if I were to make any recommendations, one would be to heighten the substantive aspects of the visit.

I have one final point. It is not a point that I heard Senator Macquarrie underline today. It is with regard to what we learned about the second chamber in the Federal Republic of Germany. I was greatly impressed with what I heard about the operation of the second chamber in that country. The second chamber is fully integrated into the legislative process in a way that the Senate of Canada is not. It is an essential part of the legislative process in a dynamic sense. What the members of the second chamber there think, say and do, is of consequence. It was interesting to learn from those who talked to us about the system that when a majority of the same party existed in both houses there was no visible sign of disagreement or, at least, rarely a sign of disagreement between the two chambers, because their differences were reconciled within the party councils. When a different majority has existed in each chamber they have a systematic mechanism by which their difficulties are resolved in public or, if not in public, at least in a formal way. The second chamber had a significant impact upon the legislative process, which was, I think, to the benefit of the country. Despite the difficulties of these consultations, nobody would say that it was damaging. On the contrary, it was held out to be of benefit to the country and to the regions or states represented in the second chamber.

As I recollect, leaders of state governments are included as *ex officio* members of the second chamber. I was really impressed with that demonstration of federalism and with the knowledge that there, at least, is one country that has been able to integrate a second chamber within the federal system; a chamber which has an impact on the legislative process and which, when it expresses its opinion, is not regarded as a disruptive and troublesome body. We also know that if there is a difference in the majorities as between both houses, it is expected that clashes will occur because of political and ideological differences, but there is a way in which these clashes can be accommodated.

Senator Macquarrie, I did not think that I would participate in your inquiry; I thought that I would supplement—inadequately, as it turned out—what you have so ably stated.

Hon. Renaude Lapointe: Honourable senators, after listening to the speech on the importance of the Senate, I would like to point out that it was not only Mr. Jerome who led the

delegation to China. Mr. Jerome and I jointly led the delegation to China, and Senators Flynn and Perrault also took part in the trip.

The Hon. the Speaker: Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered debated.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. C. William Doody (Deputy Leader of the Government), pursuant to notice of December 11, 1985, moved:

> That the Standing Senate Committee on Social Affairs, Science and Technology, which was authorized by the Senate on October 8, 1985, to examine and report upon the activities of the National Film Board with respect to the production and distribution of the film "The Kid Who Couldn't Miss", be authorized to engage the services of such professional, clerical and other personnel as may be required for the purpose of the said examination.

He said: Honourable senators, this motion stands in my name and deals with a funding request from the Subcommittee on Veterans Affairs, which is a subcommittee of the Standing Senate Committee on Social Affairs, Science and Technology. Senator Marshall, the chairman of that subcommittee, needed funding to provide the expertise necessary to bring to a conclusion his report on the study of the Billy Bishop film, "The Kid Who Couldn't Miss".

Subsequently, Senator Marshall submitted a budget request to the Internal Economy Committee, which was then referred to the Subcommittee on Budgets and subsequently referred back to the Internal Economy Committee, where it was approved this morning.

Therefore, honourable senators, I move that this motion be approved.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1721*)

Highlights of Supplementary Estimates (B), 1985-86

This Supplementary Estimate, totalling 1.676 billion dollars, is the first "regular" Supplementary for fiscal year 1985-86 and brings the net total 1985-86 Estimates tabled to date to 105.3 billion dollars. This amount includes the "limited" Supplementary Estimates (A), totalling 351 million dollars which was tabled on May 28, 1985. Of the net total of 105.3 billion dollars, budgetary Estimates tabled to date total 103.6 billion dollars. This is within the expenditure framework of 105 billion dollars announced by the Minister of Finance in the May Budget.

Of the total of $1.676 billion contained in this Supplementary, $621 million or 37.1 percent is for statutory items. Parliament, therefore, is being asked to approve $1,055 million of new spending authority.

Major items included in these Supplementary Estimates are:

(a) A $965 million statutory loan to the Canada Deposit Insurance Corporation (CDIC), pursuant to the CDIC Act. These funds will allow CDIC to make payments to insured depositors of the following insolvent institutions: Pioneer Trust, Western Capital Trust, London Loan, Continental Trust, Canadian Commercial Bank (CCB), Canadian Commercial Bank Mortgage Investment Corporation (if this company cannot resolve its liquidity and other problems resulting from the failure of the CCB), and the Northland Bank.

In addition, the funds provide for a $75 million payment to the CCB as the CDIC's contribution to the assistance provided to that institution last spring.

This CDIC loan is repayable with interest from funding by member institutions. In this respect, the government will be tabling a Bill shortly which will increase the premiums paid by member institutions to the CDIC.

(b) A $73 million statutory item included in the Estimates of the Department of Finance for a payment to the Canadian Commercial Bank, pursuant to the CCB Financial Assistance Act. Again, this sum formed part of the government assistance package provided this past spring.

(c) $553 million for implementation of the Canada Jobs strategy, including $23 million for the Indian Labour Market Strategy.

(d) $64.4 million for drought assistance to Western Canadian farmers.

(e) A $50 million statutory item for the Canada-Nova Scotia development fund.

(f) $46.5 million for federal-provincial forest renewal agreements.

(g) A reduction of $338 million in anticipated statutory expenditures for petroleum compensation charges, reflecting the wind-down of Petroleum Incentive Administration program which is scheduled to terminate March 31, 1988.

There are two additional points that might be of interest:

(a) These Supplementary Estimates contain six, one-dollar votes of which four are entirely financial in nature in that they seek authority to transfer funds between votes and to establish or adjust grants within the same vote. In each of these cases, an explanation of the new requirement and the source of funds is provided in the Supplementary Estimates. Of the remaining two one-dollar votes, the first seeks authority to issue a loan guarantee, as authorized by Section 22 of the Financial Administration Act, which the second seeks authority to transfer funds between votes and, in addition, to amend the terms of loan insurance provided for in a previous Appropriation Act. A detailed listing of these votes along with additional explanations has been provided to the Clerk of the Committee for distribution to the members.

(b) Supplementary Estimates have traditionally informed Parliament of the person-year requirements associated with the items included. These Supplementary Estimates contain 756 person-years for 1985-86, of which 664 or 88 per cent relate to the current fiscal year only. Of the 756 person-years, 563 or 74 per cent are for job creation initiatives of the government. An additional 98 person-years, or 13 per cent of the total, are being sought by the Department of Veterans Affairs and associated agencies for implementation of changes to the Pensions Act. This will allow for a significant reduction in, or elimination of, the existing backlog of pension applications now awaiting review.

It should be noted that Treasury Board will ensure that person-years included in Supplementary Estimates throughout this year are offset by a lapse of person-year authorities elsewhere in the government and in no way, therefore, will they jeopardize the government's plans to reduce the size of the Public Service. Total Treasury Board-controlled person-years as set out each year in Main Estimates will be reduced by approximately two per cent in 1986-87, and by a further one per cent each year

thereafter for a period of four years. This equates to a reduction of some 5,000 person-years in 1986-87 and a total of 15,000 by 1990-91.

Details of the person-year reductions targeted for 1986-87 will be provided when the 1986-87 Main Estimates are tabled later this fiscal year.

SUPPLY TO DATE FOR 1985-86

Two Appropriation Acts have been approved in respect of the Estimates for 1985-86:

Supply Approved to Date		
Appropriation Act No. 1, 1985-86 which granted Interim Supply for April, May and June including 42 additional proportions, based on the Main Estimates for 1985-86	$10,502,377,163.36	
Appropriation Act No. 2, 1985-86 which granted Full Supply for:		
—the balance of the Main Estimates for 1985-86	$26,714,480,556.64	
—the whole of Supplementary Estimates (A) for 1985-86	$365,400,002.00	$27,079,880,558.64
		$37,582,257,722.00
Awaiting Approval		
Supply for the whole of Supplementary Estimates (B) for 1985-86		$1,054,978,042.00
TOTAL		$38,637,235,764.00

ESTIMATES TABLED TO DATE FOR 1985-86

	TO BE VOTED	STATUTORY	TOTAL
Main Estimates		(in thousands of dollars)	
Budgetary	$ 36,908,917	$ 65,621,666	$102,530,583
Non-Budgetary	307,944	733,333	1,041,277
	$ 37,216,861	$ 66,354,999	$ 103,571,860
Supplementary Estimates (A)			
Budgetary	$ 350,600	$	$ 350,600
Non-Budgetary	14,800	(14,800)	.....
	$ 365,400	$ (14,800)	$ 350,600
Supplementary Estimates (B)			
Budgetary	$ 976,783	$ (277,900)	$ 698,883
Non-Budgetary	78,195	899,000	977,195
	$ 1,054,978	$ 621,100	$ 1,676,078
TOTAL ESTIMATES TABLED			
Budgetary	$ 38,236,300	$ 65,343,766	$ 103,580,066
Non-Budgetary	400,939	1,617,533	2,018,472
	$ 38,637,239	$ 66,961,299	$ 105,598,538
LESS:			
Loan Repayments: —Non-budgetary (per Main Estimates Part I)			$335,000
TOTAL NET ESTIMATES TABLED TO DATE			$ 105,263,538

THE SENATE

Wednesday, December 18, 1985

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

Prayers.

[*Translation*]

REPRESENTATION BILL, 1985

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-74, to amend the Constitution Act, 1867 and the Electoral Boundaries Readjustment Act and to provide for certain matters in relation to the 1981 decennial census.

Bill read first time.

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

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

PRIVATE BILL

PINE HILL DIVINITY HALL—BILL TO AMEND ACT OF INCORPORATION—FIRST READING

Hon. Henry D. Hicks presented Bill S-7, to amend the Act of Incorporation of Pine Hill Divinity Hall.

Bill read first time.

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

[*English*]

Senator Hicks: Honourable senators, I move that the bill be placed on the Orders of the Day for second reading on Friday, December 20, 1985.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, speaking on the motion, does Senator Hicks know something that we do not know? Is it settled that we are sitting on Friday, December 20?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, it is not settled with me. I assume Senator Hicks has been in touch with other authorities.

Senator Hicks: I have no special knowledge but the bill could be read for the second time on Friday, December 20, in compliance with rule 44(1)(f). If we are not here to read it then, it will stay on the order paper and be read a second time on January 21, 1986.

Senator Frith: Perhaps we would be prepared to give Senator Hicks leave to have the bill placed on the Orders of the Day for second reading at the next sitting of the Senate and if he is not ready to proceed then it can be placed on the Orders of the Day for the day we return after the recess.

Senator Hicks: I considered asking for leave but it is a private bill and I did not know how much work we would have before us. I am certainly prepared if there is time, and if leave is granted, to move second reading on Thursday, December 19. Do I have leave to make that motion?

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

Hon. Senators: Agreed.

Senator Hicks: Honourable senators, then I amend my motion and move, notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

INTERIM REPORT ON CHILD AND ELDERLY BENEFITS TABLED

Hon. Arthur Tremblay: Honourable senators, I have the honour to table the third report of the Standing Senate Committee on Social Affairs, Science and Technology. It is an interim report on the Consultation Paper on Child and Elderly Benefits, issued by the Department of National Health and Welfare, tabled in the Senate on February 5, 1985 and entitled: "Analysis of Child and Family Benefits in Canada: A working document".

[*English*]

CRIMINAL CODE

BILL TO AMEND (PROSTITUTION)—REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs presented the following report:

Wednesday, December 18, 1985

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

ELEVENTH REPORT

Your Committee to which was referred Bill C-49, intituled: "An Act to amend the Criminal Code (prostitu-

tion)", has, in obedience to the Order of Reference of Tuesday, December 3, 1985, examined the said Bill and now reports the same without amendment but with the following observations and recommendations:

The Committee has considered Bill C-49, the Proposed Act to amend the *Criminal Code* in relation to prostitution. In doing so, we have reviewed the submissions made to, and the deliberations of, the Legislative Committee of the House of Commons which dealt with the Bill.

We recognize that street prostitution has caused serious problems in some Canadian cities. Clearly, there is a need for action to be taken to deal with these problems. We also acknowledge that Bill C-49 would give to law enforcement authorities the power to combat the use of public places for the purpose of sexual dealing, and thus put an end to many of the activities which blight parts of our cities.

The Committee is concerned, however, with the breadth of the new offence embodied in the Bill. It seeks to criminalize a broad range of conduct not necessarily connected with the immediate evil of prostitution in public places - nuisance and the disruption of public order. Paragraph (c) of proposed section 195.1, in particular, is very widely drawn, prohibiting the act of stopping or attempting to stop any person, or of communicating or attempting to communicate with any person "for the purpose of engaging in prostitution or of obtaining the sexual services of a prostitute". This provision will potentially criminalize activity falling considerably short of nuisance. It also confers on peace officers and prosecutors a large degree of discretion to lay charges and thereby invoke attendant publicity, particularly when read in the context of the definition of "public place" in proposed subsection (2): "any place to which the public have access as of right or by invitation, express or implied, and any motor vehicle located in a public place or in any place open to public view".

By virtue of this definition it would be possible for the police to pursue persons who communicate, discreetly, for the purpose of prostitution, or what appears to be prostitution, in a bar, a club, or in a public park. Apparently, the police take the position that it is not their intention to do so, but rather to concentrate on the use of the streets for prostitution purposes. The Committee is troubled that such broad powers are being given to the police, and that an identical standard is to be applied to all public places.

While the Bill will no doubt effectively suppress the worst aspects of public prostitution, it will also have other consequences. For example, it will affect a large number of people, giving them criminal records, thereby making it that much harder for prostitutes to remove themselves from the business. One matter which it may be appropriate for the review committee established under clause 2 of the Bill to consider is whether the criminal law is the best method of handling the problem. The Committee is not convinced that the nuisance caused by street prostitution is beyond the legislative power of the provinces and municipal governments to deal with. It may require a degree of delegation of power from the federal government and creative initiatives within their own legislative competence by the provinces, but this should not deter a thorough reconsideration of whether the use of the criminal sanction (at least in the harsh terms of Bill C-49) can be abandoned in this area. We would thus hope that the new offence could be considered as an interim measure, to give our governments - federal, provincial and municipal - a period free of public pressure to consider whether the issue of public prostitution can be dealt with just as effectively and in a less punitive way, and in a way most suited to the nature of the problem in a particular area.

The Committee commends the intention of the government, expressed in this Bill, that the customers of prostitutes should be equally culpable for activities which are proscribed by the new offence. This would end the present situation with respect to the existing solicitation offence, whereby courts of appeal have differed as to whether or not a prostitute's customer can be charged with solicitation. It is clear that a considerable amount of the nuisance and disruption caused by public prostitution is attributable to the actions of customers. In fairness, they should risk the same punishment as the prostitutes themselves.

This being said, we share the concern of several of the witnesses who appeared before the Legislative Committee of the House of Commons that, in practice, there may be few prosecutions of customers (who are, for the most part, men) because the investigative techniques used, such as undercover police, will be directed principally against female prostitutes. We realize that investigation and prosecution of criminal offences are matters beyond federal jurisdiction. There would seem to be little more the federal government can do to ensure that both customers and prostitutes are prosecuted with the same vigour. Thus, we would urge the provinces to make efforts to see that the new offence in Bill C-49 is brought to bear equally against those who violate its terms.

In presenting this Bill, the Minister of Justice has made frequent reference to the fact that the Special Committee on Pornography and Prostitution (the "Fraser Committee") had recommended the enactment of a similar offence in its report of April 1985. But that Committee also made a series of other recommendations, dealing with modification of other areas of the criminal law (such as the bawdy house provisions and the procuring offences in the *Criminal Code*) which would go a considerable way to decriminalizing certain aspects of prostitution. The Fraser Committee also stressed that its recommendations should be considered as a unified whole, and should not be dealt with on a piecemeal basis. However, the Minister has indicated that Bill C-49 is a first step to deal with an urgent problem, and that further amendments concerning prostitution will be forthcoming in the new year. We welcome this pledge by the Minister, and would urge that

the other amendments be brought forward as soon as is practically possible.

A matter of particular concern to this Committee is the plight of juvenile prostitutes. Bill C-49 would have a considerable impact on them. Whereas adult prostitutes have some degree of flexibility in adapting to the changes in the law, in that they can move to bars and clubs from the streets where chances of prosecution may be lessened, it is possible that the juvenile prostitute market may be driven "underground", and that these children may be forced even further into the control of pimps. While one would hope that the view expressed in the House Committee is accurate—that the new offence will make street prostitution less attractive to the young and thus deter them from taking it up—we doubt that it will have a deterrent effect for a number of juveniles. As both the Fraser Committee and the Committee on Sexual Offences Against Children and Youths (the "Badgley Committee") have found, the causes of juvenile prostitution are both various and complex. It is unlikely that the existence of a criminal sanction will have much of a deterrent effect.

If the criminalizing of juvenile prostitutes is to have any salutary effect, it must be done in conjunction with measures which will attempt to assist these children and provide positive alternatives to life on the street. If the only legacy left to a juvenile of a conviction under Bill C-49 is a record, it is likely to do more harm than good. This Committee would urge both the federal and provincial governments to take immediate action to implement some of the recommendations of the Fraser and Badgley Committees which would try to provide protection, counselling, education and job training to young prostitutes. One matter which could be quickly dealt with, and which both Committees recommended, would be the introduction of a new offence, punishable by severe sanctions, directed against adults who engage in acts of prostitution with young persons. If any act of prostitution alone merits criminalization and punishment, surely that is the one.

The final element of Bill C-49 upon which we wish to comment is the provision for review of the amendment by a committee of the House of Commons, to be undertaken within three years of its coming into force, and to be completed within a year (or such further time as the House may authorize). In light of our concerns about certain elements of the Bill, we view this review process as a positive element of it, particularly in relation to monitoring its application to young persons. Some members of the Committee would go so far as to recommend that the time period for commencement of the review be abridged to eighteen months, and that it be completed within six months of its being undertaken. On the other hand, we realize that the collection and analysis of data on prosecutions under the Bill may take some time, and that a comprehensive review may not be feasible in so short a period, given the uncertainties and vagaries of the Parliamentary calendar. Clause 2(1) of the Bill may be so broadly worded, however, that it would be possible for the review committee to be designated or established immediately upon the coming into force of the Bill, and it would be possible for that committee to begin an immediate interim analysis of the operation of the legislation far in advance of its ultimate report date four years (or more) hence. Even if this is not possible, we would urge that consideration be given by the Department of Justice to an early and continuous release of information and statistics on the operation of the Bill to Parliamentarians, or to committees such as our own, or the House of Commons Standing Committee on Justice and Legal Affairs.

The Committee does have serious concerns about Bill C-49. However, we are prepared, on balance, to approve it without amendment in view of the provisions for review which are included, and having regard to the assurances of the Minister of Justice that further legislation dealing with other aspects of prostitution will be forthcoming.

Respectfully submitted,

JOAN B. NEIMAN
Chairman

Hon. Louis-J. Robichaud: Honourable senators, I would simply point out that this report of the Standing Senate Committee on Legal and Constitutional Affairs, as submitted by the chairman, was not unanimously agreed to.

THIRD READING

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

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

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTIETH AND TWENTY FIRST REPORTS TABLED

Hon. Guy Charbonneau, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled two reports of the committee approving the budgets of the Standing Senate Committee on Social Affairs, Science and Technology.

QUESTION PERIOD

[*English*]

AGRICULTURE

WESTERN CANADA—DROUGHT AND OTHER CONDITIONS—GOVERNMENT ASSISTANCE

Hon. Hazen Argue: Honourable senators, I should like to ask a question following from that asked by Senator Olson

yesterday and the reply given to him by the Leader of the Government in the Senate, namely, that he would look into the possibility of getting a report on the need for, the desire for or the fact that there might be an acceleration in the payments under the crop disaster plan.

I ask the Leader of the Government in the Senate if it is clear to the government that Saskatchewan and Alberta will not be participating directly in this plan? In other words, they will not be adding money to this plan. Is that still, perhaps, being negotiated?

Hon. Duff Roblin (Leader of the Government): I believe I advised the Senate some time ago that the two provinces my friend mentions were proceeding with relief projects of their own which were not necessarily the same as the one the federal government is about to embark upon.

Senator Argue: Although I do not like to interpret the answer, do I take it that the answer is that they are not adding money to this plan?

I should like to know the stage the administration is now at. Have the application forms been printed? Are they in the hands of the producers? Or are they still unprinted and is it still the situation that there is no public document available to the producers?

Senator Roblin: I thank my honourable friend for the question, because I intended to refer to that this afternoon in reply to the urgings of Senator Olson who has also been most concerned about this matter.

I can say that, because the provinces are not involved in it directly, as my honourable friend has stated, the PFRA is the organization responsible for administering this program, and the application forms should be out in the next few days, before Christmas. They will be distributed not only to PFRA offices but to municipal offices and any other offices where it is thought it would be convenient for producers to pick them up in order to get to work on them.

Senator Argue: I hope the answer is correct. From such information as I have been able to derive, it seems to me that things will not move so quickly.

Is it a fact that many of the grain farmers in the disaster area who had a disastrous failure in 1985, will not be eligible for any payments because they have to have suffered three crop failures in a row and not just the 1985 crop failure even though it was a full disaster?

Senator Roblin: I am not sure that my honourable friend is correct. I think that the plan provides for those who have suffered disaster this year to benefit from the scheme, but I am not going to rely on guesswork in this matter. I am going to obtain copies of the application forms as soon as I possibly can and I will share them with my friend so that he will be able to see exactly what the rules are.

Senator Argue: The answer of the Leader of the Government is somewhat reassuring, except that I doubt that it is based on a fact. I ask him this: Can he assure the Senate that farmers with two crop failures will receive a payment? Does a farmer have to have three crop failures in order to receive assistance? I have had experience with a number of those people who will be administering this act. I will tell honourable senators what I am afraid they will do—I am afraid that they will be acting as agents of the Department of Finance so as to save as much of the $150 million as possible.

Senator Roblin: I think that the government fully intends to live up to its undertakings to provide a substantial amount of relief to those concerned. I will share with my honourable friend the details of this program as soon as they are known to me.

Senator Argue: I will ask another question; I will ask it directly and precisely, and I hope that I will get a precise answer in return. Is it a fact that the maximum payment per acre will be $15 or might it be less?

Senator Roblin: I have to tell my honourable friend that I do not have the rules in front of me. If I had, I would be giving him more precise answers to the questions he asks. I do not really think that he would expect me to have those precise answers. I will have to take that question as notice.

Senator Argue: The Minister of Agriculture has stated that the payment will be $15; the information I have is that it is likely to be less than $15. I ask whether this program has been designed around a chunk of money that the federal government has said will be available and from which a decision will be made as to how much will be paid per acre, or is this program specifically designed in such a way as to provide a precise amount of benefit per acre to the producers, and for which the money has been made available? I am afraid that the government has simply decided to provide $95 million in this fiscal year and another $55 million in the next fiscal year, which the farmers will share. I am afraid that this program will not provide for a $15 per acre maximum payment. I sincerely hope that I am in error, because I think that if that is the way the program has been designed it will result in a travesty of justice.

Senator Roblin: The program has been designed to meet that area of need that the government deems to be necessary so as to receive the consideration that has been provided.

Senator Argue: But the payments may be less than $15 per acre and may not be paid as of right to the grain farmers in the disaster area of 1985—this program will fiddle and chisel and bar a great many farmers from any payment whatsoever.

Senator Roblin: My honourable friend has been determined, ever since this program was announced, to find fault with it; I do not think that I can stop him from finding fault with it. If he will be content to wait until I can provide him with the details, perhaps he can give me his opinion of it at that time.

Senator Argue: I hope that I am wrong but I am afraid that the Leader of the Government will be proven wrong.

Hon. H. A. Olson: Honourable senators, it seems to me that the Leader of the Government has an option that is viable, and that is to come clean. Can he not tell us what the program is? It seems to me that he is now trying to tell us that we have to

wait until we see the application forms. Surely, before those forms are printed, the government must have in place some kind of program based on factors that, as the government leader has pointed out, are designed to be helpful. Surely the producers have a right to know the basis of the program so that they will know whether they qualify for the payment. Surely the producers have a right to know the geographical areas that are involved and the disaster factors related to them so that they can determine who qualifies for this program. I reiterate that the minister has an easy way out—all he has to do is say what the plan is based on.

Senator Roblin: I think that my honourable friend is quite right. Not only do the producers have a right to know, but the chamber has a right to know. However, he also understands that I am not the Minister of Agriculture and that it is quite unlikely that I will have the details in front of me at the present time. Indeed, I do not have them. I will therefore have to take all of these questions as notice, and that is what I will do.

Senator Olson: Honourable senators, this is fairly exasperating. We have been asking these questions not for weeks but for months now. I have been here long enough to know that the government has to work out some sort of plan on which to base a program. I hope that this government has applied some common sense and logic to the plans that it works out. If we knew what that approach was, and if we knew which of the farmers they are trying to help, and what the qualifications will be, then we could go to the next step within the administration, which is setting up the application form and the administrative details associated with that. All I am asking at this point in time is: What is the plan based on? What is the logic behind it? People can then more or less figure out whether or not they are going to qualify.

• (1410)

Senator Roblin: My honourable friend will get the information just as soon as I am able to provide it.

Senator Argue: Try it for tomorrow.

Hon. Len Marchand: Honourable senators, I have a supplementary question for the Leader of the Government on a related matter. I have a telegram from the British Columbia Cattlemen's Association, signed by the President, Mr. Grant Huffman. The association made representations previously to the Minister of Agriculture concerning providing assistance to those ranchers who were hit by the drought. Previously there was a designated region wherein a number of people were assisted. But that left out a number of others, particularly in the Cariboo, the Okanagan and the Kootenays. I should like to ask the Leader of the Government if he would take a look at this, to see if those ranchers who were previously left out for assistance are now being considered.

Senator Roblin: If my honourable friend will be kind enough to give me a copy of the telegram, I will be pleased to look into it for him.

Senator Marchand: Right away, sir!

CROWN CORPORATIONS

QUALIFICATIONS OF OFFICIALS

Hon. Robert Muir: Honourable senators, I have a question for the Leader of the Government. If he does not have the answer, I will well understand.

Senator Olson: If he doesn't have the answer, I would not be surprised.

Senator Muir: I am sure that this Leader of the Government will have more answers, and more intelligent answers, than did Senator Olson when he was Leader of the Government and sat over here. He never responded to anything.

Senator Argue: Cheap shot!

Senator Muir: I shall ignore that, when I consider its source. In any event, may I ask the Leader of the Government if this government, or previous governments, provided leaders of crown corporations with any courses in industrial relations, or public relations, while they are on the job, or inquire if they know anything about it before they take the job?

Hon. Duff Roblin (Leader of the Government): I must say that I do not know the answer to that question. If my honourable friend has a particular crown corporation in mind, I will be pleased to—

Senator Muir: Guess where it is!

Senator Roblin: I am only allowed one guess as to what it is. If he gives me the name of the crown corporation, I will be pleased to investigate it.

Senator Muir: I shall be only too happy to oblige. The crown corporation is the Cape Breton Development Corporation. Surprise, surprise!

Senator Frith: You just happened to have your music, as you used to say.

Senator Muir: The senior officer of that corporation is one Derek Rance. In light of statements he has been making to all and sundry recently, would it be possible for the government to provide him with a book written by Carnegie *How to Win Friends and Influence People*?

An Hon. Senator: He can't read.

Senator Roblin: I agree with my honourable friend that if he has not got a copy, he should be asked to obtain one.

AGRICULTURE

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT

Hon. Joyce Fairbairn: Honourable senators, may I ask the Leader of the Government whether or not he can tell us if the Minister of Agriculture will be in a position to announce the 1983 stabilization payment on sugar-beet prior to our adjournment?

Senator Perrault: Sweeten this up a little.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I would not feel happy leaving this place, as I hope to

do sometime in the not too distant future, without being able to provide the latest information to my honourable friend. The only problem is that I do not have any comfort for her. The matter is still bound up in policy discussions that are going on, some with the sugar-beet industries, and they have not yet reached a conclusion. So I am afraid I cannot tell my honourable friend anything more about this problem than I have done on previous occasions, which is not very much.

Senator Perrault: They will all be bankrupt by the time you make a decision.

Hon. H. A. Olson: Honourable senators, I have a supplementary question. Has the government decided that it does not intend to make a payment for that year? You might as well come clean on this matter, too.

Senator Doody: It is getting close to Christmas.

Senator Roblin: I have already explained that the question of the moneys available here is bound up with the general question of the sugar policy of the government, and until that policy—

Senator Argue: What policy?

Senator Roblin: —is decided upon, no determination will be made with respect to the 1983 payment.

Hon. Gildas L. Molgat: Honourable senators, I have a supplementary question. Will the Leader of the Government explain to us why a subsidy payment going back to 1983 under a policy that had been carried on for some years is tied to the long-term policy on sugar?

Senator Roblin: The answer is money.

Senator Guay: No doubt.

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED

SALE TO BOEING CORPORATION

Hon. Jerahmiel S. Grafstein: Honourable senators, yesterday we asked the Leader of the Government in the Senate a question with respect to the sale of de Havilland. Apparently, the government's rationale for the sale of de Havilland is the drain on taxpayers' money due to the projected losses. It was projected by the Honourable Robert de Cotret, President of the Treasury Board, that the losses to the taxpayer for next year would be some $200 million. It now appears that the reputable investment firms of Burns Fry of Toronto, Merrill Lynch of Toronto and New York and S. G. Warburg of London, England presented a prospectus which estimates that the losses for 1986 would be $14 million, rather than the $200 million estimated.

Senator Perrault: What's going on?

Senator Grafstein: Indeed, it is estimated that in 1987 the company will turn a profit of $14 million and in 1988 the profit would be some $26 million. Would the Leader of the Government in the Senate explain the differences?

[Senator Roblin.]

Hon. Duff Roblin (Leader of the Government): I can tell my honourable friend that the government does not agree with those figures. We believe that they are not accurate and that they do not reflect the actual situation in which the company will find itself.

Senator Grafstein: Could the Leader of the Government explain which figures are not correct? Because we apparently have a prospectus setting forth the figures I just mentioned as prepared by the firms I just mentioned, which was presented to prospective purchasers. Was the minister not correct in terms of assessing the losses or were these reputable firms, retained by his department or the government, not correct? Would the leader explain which information the citizens of Metropolitan Toronto, who are vastly and materially affected by this decision, should accept?

Senator Roblin: I would say that the figures offered by the government are a closer approximation of what we may expect than those that appear in the prospectus.

Senator Grafstein: In light of the discrepancy and in light of the fact that the public tender process which the government has embarked upon is now in serious question, that public trust and credibility is being undermined and that the government intends to proceed with the accelerated privatization of other corporations, would the Leader of the Government be prepared to refer the tender documents to a committee of the Senate so that we can examine those documents and decide, in the public's interest, which are correct?

Senator Argue: Introduce a motion, Gerry.

Senator Roblin: Honourable senators, I have to say the premise of my honourable friend's statement is one with which I am in complete disagreement. I do not think that the representation that he has made of this sale of de Havilland is accurate, correct, or reflects the facts the public needs to know. The minister has given in the other place a wide variety of information on this matter. If my honourable friend has read *House of Commons Debates*, and I see that he has, he will know that reference was made to these matters yesterday.

• (1420)

I simply tell my honourable friend that when this transaction is completed around the first of the year, the documents will be available and if he wishes the Senate to make an examination of that kind, he may then have the opportunity to do so. In the meantime, the government must take the responsibility of carrying through an agreement which we believe to be decidedly in the public interest.

Senator Grafstein: I would like to ask the Leader of the Government in the Senate whether the documents will disclose the amount of land that is being sold by de Havilland. Apparently there is some discrepancy in the sense that the minister previously suggested that 54 acres were being sold and now it appears that there are 96 acres involved. Will the documents disclose that, so that the public will know exactly what is being sold on the taxpayers' behalf?

Senator Roblin: The answer is "certainly".

Hon. Ian Sinclair: I have a supplementary question on that, if I may. I wonder if the Leader of the Government in the Senate could inform us whether the prospectus, before it was issued, was subject to due diligence.

Senator Roblin: I think I understand the meaning of the phrase my honourable friend has used. It is a technical one with respect to prospectuses. However, I am not going to answer that question off the cuff. If he wishes me to make further inquiries about that matter, I shall be glad to do so.

Senator Sinclair: I would like to know the answer to that question.

Senator Grafstein: One final supplementary, if I may—

Senator Frith: Never say "final".

Senator Grafstein: Never say final? In that case, honourable senators, one infinite question: Did the directors of de Havilland make representations to prospective purchasers through the processes of that prospectus which obviously did or did not happen? In other words, were the directors of de Havilland called upon to make written representations to prospective purchasers about the business plan which would set out the projected profits?

Senator Roblin: I think that question is encompassed in the inquiry about due diligence which I have received from the Honourable Senator Sinclair, and I answer it in the same way.

SUPPLY AND SERVICES

POLL—AWARDING OF CONTRACT

Hon. Keith Davey: Honourable senators, the last time I asked the Leader of the Government in the Senate about the proposed Tory omnibus public opinion poll was on December 3. The next day, December 4, the press reported that the Cabinet Committee on Communications would be making a decision that day with respect to the contract. Following that Cabinet Committee on Communications meeting, Canadian Press quoted Supply and Services Minister McInnes as saying that it is still possible that the idea will be scrapped. The exact quote of what the minister said at that time is:

> We have not made a final decision on anything—the omnibus poll. Who is going to do it or anything.

The minister then added that there might not even be a decision made until the New Year.

The Leader of the Government in the Senate has been good enough to inform me that he will let me know when a contract is awarded, and to whom. My question, however, is; why the unconscionable delay? Bidding closed 110 days ago.

Also, I would like to ask whether the lead on the Canadian Press story is accurate. That lead is:

> Ottawa may abandon centralizing of polling.

Hon. Duff Roblin (Leader of the Government): It is not my practice, nor is it the practice in Parliament to comment on press reports, so I make no comment on that.

My undertaking to my honourable friend was to tell him what the decision was when it was made, and that stands.

Senator Davey: The Leader of the Government in the Senate has much more experience in government than I do. However, I am asking for information. Is it not curious that there is a 110-day delay after bidding? Is that not unusual?

Senator Roblin: My honourable friend is entitled to his own opinion on that matter.

Senator Davey: Honourable senators, I have a supplementary question. Supply and Services spokesman, Douglas Drever, has said that all polling information acquired through such a monthly omnibus poll will, in fact, be made public. I am wondering whether the Leader of the Government in the Senate can confirm that statement.

Senator Roblin: When the decision is made by the cabinet in respect of the matter, then I will be able to deal with any question of that kind. I certainly cannot deal with it now.

HUMAN RIGHTS

AFGHANISTAN AND IRAN—UNITED NATIONS RESOLUTIONS

Hon. Eymard G. Corbin: Honourable senators, I should like to ask a follow-up question to that which I asked the Leader of the Government in the Senate yesterday and inquire whether he has obtained an answer on the United Nations resolutions on Afghanistan and Iran, the votes on which resolutions took place last Friday.

Hon. Duff Roblin (Leader of the Government): I follow my usual practice of obtaining answers as quickly as I can, and as soon as I have received the answers I report them to the chamber. It therefore follows that if I have not answered my honourable friend's question of yesterday, it is because no answer has been made available to me.

Senator Corbin: Honourable senators, I rather anticipated that kind of response from the Leader of the Government in the Senate.

An Hon. Senator: Of course!

Senator Corbin: So, during my lunch break today, I called the Department of External Affairs and was told by the receptionist that no one was available to give me information on those resolutions because the department was holding its Christmas party.

Some Hon. Senators: Shame!

Senator Corbin: I do not fault them for that because they were holding it during their lunch hour. However, one employee was kind enough to call me back and say: "Senator Corbin, if you would like to call Ambassador Stephen Lewis at the United Nations he will have that information."

Senator Guay: He will make the decision!

Senator Corbin: So I called Ambassador Lewis for that information, and he was very co-operative and very pleasant. I found out that the resolutions—and this is news—on Afghan-

istan and Iran were co-sponsored by Canada and carried. I hope that the Leader of the Government notes that.

Senator Roblin: Not only will I note it, but I will send a copy of *Hansard* to the ambassador so that he may appreciate my honourable friend's interest.

Senator Corbin: Honourable senators, I will go further than that; the information does not appear to be available in Ottawa. Ambassador Lewis was kind enough to ask one of our parliamentarians attending the United Nations—who will be returning to Ottawa tomorrow—to bring with him copies of the speeches which were given and copies of the texts of the resolutions. I will have them in my office some time tomorrow. I would be most pleased to pass copies of those on to the Leader of the Government.

Senator Roblin: I hope that when my honourable friend receives his package from New York he will pay special attention to the speech Ambassador Lewis made in connection with Afghanistan, because I doubt that any nation in the western world has made a more emphatic repudiation of the activities of the U.S.S.R. in Afghanistan than Canada made through Ambassador Lewis. So, I hope that my honourable friend will read that speech as well.

Senator Corbin: Honourable senators, I am already familiar with the contents of that speech and concur entirely with the words of the Leader of the Government in the Senate.

Senator Flynn: It's about time!

FOREIGN AFFAIRS

REFUGEES FROM AFGHANISTAN—GOVERNMENT POLICY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, my question is directed to the Leader of the Government in the Senate. It relates to the refugees from Afghanistan who have been collected in astronomical numbers in Pakistan.

Hon. Duff Roblin (Leader of the Government): And Iran.

Senator MacEachen: I have in mind Pakistan. Afghanistan has produced the largest refugee movement in the world. I noted the other day that the United Church of Canada had deplored Canada's refusal to take in but a handful of those Afghan refugees now in Pakistan. I was not aware that our effort had been so niggardly.

I wonder if the Leader of the Government in the Senate can tell us, if not now, then at some future time, whether the government has taken into account the representations which have been made, and whether Canada cannot do better to ease what is obviously the greatest refugee problem in the world.

No other group of people has been displaced in similar numbers, and no other country has done as much as Pakistan on this matter. I wonder if Canada is prepared to help.

Senator Roblin: My friend has referred to a very serious problem. Over three million Afghans—and I think that that is approximately one-quarter of the country's population—live on the Pakistani border. As far as my information goes, what most of those people really want to do is go home. I think that—I hope, at any rate—Ambassador Lewis' initiatives at the United Nations may advance to some degree, however small, the prospects that they may return home.

Respecting the reception of these refugees in Canada, my honourable friend knows that our record in that respect is fairly good, all things considered, but I will inquire to see whether there is any movement afoot to accommodate any of those people.

I think it may present difficulties, but nevertheless I will make the inquiry.

● (1430)

AFGHANISTAN—POSSIBILITY OF POLITICAL SETTLEMENT

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, while we are on the subject of Afghanistan, it was reported in the press following the summit between President Reagan and Mr. Gorbachev that there was a promising prospect that a political settlement in Afghanistan might take place. Is the Leader of the Government in a position to tell us whether the Prime Minister of Canada, when briefed following the summit, was able to glean any information as to the real possibility of a political settlement based upon the conversations that the President of the United States had with the Soviet leader?

Hon. Duff Roblin (Leader of the Government): I agree that that news item caught my attention, as well, because it was the first hopeful sign that we have seen that there might be some accommodation with respect to the Afghanistan problem. I am not aware of the conversation between the Prime Minister and the President but I will inquire as to whether it was among the subjects discussed.

THE HONOURABLE DAVID A. CROLL

TRIBUTE

Hon. Ann Elizabeth Bell: Honourable senators, I rise on a question of privilege which falls under rule 34 respecting complaints against the news media, although my point of order is not a complaint against the media despite the fact that the Senate and the press are sometimes known to be critical of each other.

I would like to draw to your attention this morning's *Globe and Mail* where columnist June Callwood made reference to the work of our colleague, Senator David Croll, in a most appreciative manner. In her column she calls him a "national treasure."

Hon. Senators: Hear, hear.

THE SENATE

QUESTION OF PRIVILEGE

Hon. Eymard G. Corbin: Honourable senators, I rise on a question of privilege. There were two hot water radiators in my office. Last winter one of them burst and it was never replaced. The one remaining radiator seems to be very much overworked—in fact, I came to this chamber with frozen feet a few moments ago. Yesterday I noted how the Leader of the Government in the Senate varnished the comfort of our offices in the Victoria Building and I do not quite appreciate that kind of language in the current circumstances.

I wonder if someone in the Senate would look at my one remaining radiator which is turned up full blast and yet does not emit sufficient heat. Before we make any drastic changes to the budget today, I would appreciate that being taken into consideration.

CANADA DEVELOPMENT CORPORATION REORGANIZATION BILL

THIRD READING

Hon. William M. Kelly, moved the third reading of Bill C-66, respecting the reorganization of the Canada Development Corporation.

He said: Honourable senators, as you are aware, Bill C-66 was pre-studied by the Standing Senate Committee on National Finance and reported back to this chamber without amendment but with certain observations and recommendations. I would like to take a moment to try to explain what those reservations and concerns were all about.

The committee shared with the government—there were indications in the bill that the government also was concerned—reservations about the risk of undue concentration in the ownership of CDC. I believe that was demonstrated in clause 5(1)(a) where restriction was placed on ownership at 25 per cent in the hands of one corporation, individual and associates. One of our first concerns had to do with the definition of "associate." The shareholding level was described in clause 5(6)(f) as being in excess of 50 per cent.

Looking further into the bill we came to clause 5(6)(h). The intent of that clause in our opinion, and in the government's plan, was to provide some protection against undue concentration. Our major concern had to do not with the intent so much as with the drafting of that clause. We examined how that clause might be redrafted in some detail but against a background of an awareness of the prospectus through which the shares were originally marketed very clearly, and I am paraphrasing from the prospectus: that if Bill C-66 does not become law in substantially its present form, then holders of installment receipts would be entitled to cancel their obligation to buy the balance—in other words, to exercise the right—remembering that they would have to prove that any alteration to the bill was substantial, and the courts, of course, would decide that. The concern we had, and I believe I mentioned this earlier when I introduced the bill for second reading, is that these rights were offered on the basis of the share price being $11.50. I think the shares are currently still down around $9. There would be every reason and incentive for right's holders to attempt to gain the approval of the courts to rescind and to receive their money back. In other words, we did not want to offend the transaction, because it is a good one.

Accordingly, we asked for and received advice from Fraser and Beatty and representatives from the Department of Justice on whether clause 5(6)(h) could be interpreted the way it was intended to be interpreted. We were advised that it would be interpreted that way. I must confess that the counsel who gave us such advice acknowledged that it might have been drafted a little more clearly, but they felt that in its present form it was satisfactory and provided the protection that was intended when it was originally drafted.

The committee decided to accept that advice and to report the bill without amendment. I hope that we can carry on the goodwill that we all experienced in the committee and agree in this chamber to pass the bill without further delay.

Hon. John M. Godfrey: Honourable senators, I want to speak on the report, not that I disagree with the final conclusion of it, which is that it might allow rescission by the purchasers of the shares if you change the definition of "associate". When I read the report I thought it was a lot of gobbledegook. First of all, the main argument about this bill from the start has been the definition of the word "associate". There is no mention of that in the report although Senator Kelly has brought up the point in his speech. Then Senator Kelly went on to refer to clause 5(6)(h) in relation to the opinion of Fraser and Beatty. If the committee had paid the attention to my speech on second reading that I think it deserved, you would have noticed reference to an opinion by Fasken and Calvin, which was a much more thorough opinion. As far as I am concerned, I do not think clause 5(6)(h) helps at all. The Fasken and Calvin opinion states:

● (1440)

> In summary, it is our opinion that paragraph 5(6)(h) of Bill C-66 will likely be of little practical assistance to the board in determining, in a hypothetical fact situation, that corporation A and corporation B were associates within the meaning of the articles authorized by Bill C-66.

The report refers to the fact that that clause appeared in identical form in the Canada Corporations Act 1971. I looked up that act and it was rather interesting to note that subclause 4(2), paragraph (c), of Schedule I of the act states:

> —a shareholder is . . . deemed to be associated with another shareholder if—
>
> (*a*) one shareholder is a corporation that is controlled directly or indirectly by the other shareholder;

The schedule, in subsection 4(4), goes on to say:

> For the purposes of these statutory provisions, a corporation shall be deemed to be controlled by another corporation, individual, trust or government, if at any time in the opinion of the Board of Directors it is at that time in

> fact effectively controlled by such other corporation, individual, trust or government either directly or indirectly and either through the holding of shares of the corporation or any other corporation or through the holding of a significant portion of the outstanding debt of a corporation, trust or individual or by any other means whether of a like or different nature.

Both those subsections have been dropped from the present act. That could not have been sloppiness; it must have been intentional. The government did not want the definition of "associates" to be effective, because, if they had wanted it to be effective, they would have retained those two clauses.

The report of the committee states:

> The Committee recommends that in drafting government bills, great care be taken to ensure that the provisions of the bills fully embody the intent of the government.

I don't agree with that, because it is obvious they took great care by dropping from the present bill the two clauses that I have just read, and which appeared in the 1971 act, that the definition of "associates" should be for all practical purposes ineffective.

Hon. Ian Sinclair: Honourable senators, I think I should draw the attention of the Senate to the fact that we did have available to the committee and, particularly, to Senator Godfrey a partner of Fraser and Beatty; a member of the Department of Justice; and, subsequently, a legislative draftsman from the Department of Justice. For reasons that it is not necessary to disclose here, Senator Godfrey was unable to take part in those meetings of the committee. The committee did have a detailed explanation from a competent legislative draftsman.

The committee also discussed the fact that the clauses of the Canada Development Corporation Act, to which Senator Godfrey referred, had been deleted. The points he raised were considered by the committee.

Honourable senators, I rise on a somewhat different point. As I said earlier, I believe this chamber should applaud the government for introducing this bill and for getting out of businesses where no demonstrable public purpose is evident. It is clear that the CDC is now in a position to operate as a normal corporation. I applaud the government for that step.

My concern goes to concentration. I believe that is a matter which we all should be watching carefully. I point out to this chamber that allowing one shareholder to hold 25 per cent of the shares, by definition under CICA, enables that company to use single-line consolidation or "equity consolidation," as it is called. It is only allowed where, in the opinion of auditors and management, the holder of that group of shares is able to have significant influence. The definition of "significant influence" in the *CICA Handbook* is 20 per cent or more. By specifying 25 per cent, it looks as though we are attempting to restrict concentration, but, at the same time, this goes to an area where we may be placing in the hands of significant groups, indeed, family groups, a significant influence over a large number of Canadian corporations.

[Senator Godfrey.]

As we move forward in these attitudes of the government—and I hope we will see more of them—I hope that people on the other side whom the government looks to for advice on these matters of concentration, will bear that in mind.

Hon. Senators: Hear, hear.

Hon. John B. Stewart: Honourable senators, I am prompted to rise by what Senator Godfrey has said. Early this fall the government issued a prospectus offering rights to buy stocks at a specified price in the Canada Development Corporation. As Senator Kelly has said, the prospectus indicated that the bill giving effect to the sale would not be substantially different from the terms and conditions set forth in the prospectus.

What Senator Godfrey has focused on is certain clauses or sections—whether we are talking about the present bill or the original act—that do not appear here, but that really does not affect the committee's problem. We were focusing specifically on the definition of an "associate" as set forth in clause 5(6)(h) which, in effect, prohibits a situation where—and I quote:

> both are parties to an agreement or arrangement, a purpose of which, in the opinion of the Board of Directors of the Corporation, is to require the parties to act in concert with respect to their interests in the Corporation.

What we were concerned with was that those words seem to describe a legal requirement, whereas, in fact, the concentration or the effect of concentration might be achieved without a formal agreement or arrangement requiring action in concert. That is the particular part of the bill which attracted our concern.

Counsel conceded that different language might have been used in that clause, language which might have satisfied some of us better than the language now in the bill.

What was held over the committee and certainly impressed me was the argument that, if a change were made in the wording of 6(5)(h), it might very well lead to some one of the purchasers of the rights applying for a rescission; in other words, they might apply to get their money back, prompted perhaps by the fact that the price of the shares has declined since they purchased them. To put it another way, if the sections that attract Senator Godfrey's attention were in this bill, as they have been in the original statute, or if the wording of clause of 5(6)(h) were to be improved, there was the possibility of originating a claim for a rescission of the rights. Therefore, some of us in the committee felt that we were bound—not legally but practically—to accept the bill as drafted. That is the reason for the rather curious paragraph at the end of the committee's report. Read in isolation, it sounds strange that a committee recommends that in drafting government bills great care be taken to ensure that the provisions of the bills fully embody the intent of the government. I should have thought that, in the abstract, that maxim is fairly obvious, but I wanted to explain the reason behind that paragraph.

The government has said that it does not want to increase the chance of concentration beyond the situation that prevailed under the old statute. That is fine, but they found that they were in a position where they could not take a chance by attempting to make their intent clearer. Some members of the committee, including myself, felt that since the government had clearly stated its intent and its responsibility, we were, in a sense, bound in that situation.

I am not entirely happy; yet I agree that the bill should be given third reading.

Hon. Ann Elizabeth Bell: Honourable senators, might I ask a question? This bill has been explained to my satisfaction; I had found it very ambiguous reading. I wondered, however, whether the committee considered that there is often a description at the beginning of a bill that is almost a directive to the courts, in the event of litigation, to make Parliament's intent very clear. Was that considered at all by the committee?

Senator Kelly: Honourable senators, the simple answer is no.

Hon. Royce Frith (Deputy Leader of the Opposition): Perhaps I could make a comment by way of a reply. If I understood the question correctly, the extent to which courts can look at the debates or proceedings of Parliament to assist them in interpreting legislative intent is, at present, a rather murky area in the law. Although this procedure was allowed in the United States, there was a time when it was not at all admissible in Canada. I believe the door is opening a little now, however.

Motion agreed to and bill read third time and passed.

APPROPRIATION BILL NO. 3, 1985-86

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Flynn, P.C., for the second reading of the Bill C-89, intituled: "An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1986".—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I shall not make a speech suggesting that this chamber deny the government supply. I suppose it would then be natural to ask, "Why say anything?" But Senator Philips will understand why we take the occasion to say something when we are debating a supply bill. I take it that I can ask the usual question as to whether it is in its usual form. If so, I can proceed without looking at the individual sections.

Senator Doody: The assurance has been given.

Senator Frith: Honourable senators will recall the procedure we have followed for many years: When the main estimates or any supplementary estimates are tabled in the Senate, they are referred immediately to the Standing Senate Committee on National Finance, which then studies those estimates and reports. That is the background for our debate on the supply bill relating to the particular estimates that are the subject matter of the committee's report. I support that practice. I think that it is a very useful and traditional one which enables honourable senators to know where to look should they have any concern about supply bills. The first place that senators normally look is the report.

I have some comments to make about this report. I do not make them in criticism of it in the sense that it constitutes any departure from tradition, but I want to make some suggestions as to how the report could be more useful to the Senate and to individual senators when considering supply bills. In particular I would ask that in future the Standing Senate Committee on National Finance, when dealing with estimates, at least touch on each item, even to the extent of a word or two. For example, it could routinely say that a certain item is statutory and raises no particular question of policy, because statutory items seldom do. The committee could say that a certain item is budgetary but that it does not raise any particular policy issues. Then it might single out items in the estimates that do raise certain policy issues. Of course, before the committee reports and during its hearings, it could deal with those policy issues. It seems to me that that would enable the report to play an even more useful role in the debate on supply.

When examining the bill itself—and I am not referring to the clauses of the bill, because they are in the traditional and long-standing form—it is natural to turn to the schedules. As honourable senators will remember, the schedules of a supply bill are usually organized department by department in alphabetical order. Therefore, if one is interested in any particular estimate or in any particular department, one can find either in the schedules and can do so quickly. I find that the report does not guide me through those schedules as usefully as it might, in my view. The main subject dealt with in the report is the matter of Part III of the main estimates. We have already had an exchange on that subject by way of comments made by the chairman of the committee and some questions and comments made by the Leader of the Opposition in the Senate. I will not add to that exchange, except to point out that the only way a parliamentarian could know about the amounts in Part III is, as one senator put it, by "sleuthing it out." Incidentally, there were a few typographical or grammatical errors in the report, but I will not dwell on those.

● (1500)

After dealing with the question of Part III, the committee really says nothing more about these estimates, not even to the extent of saying to honourable senators, as I believe it would be useful to do: "The reason why the government resorted to supplementary estimates was principally as follows:"—and the policy issues would follow; secondly, for the purpose of certain grants or statutory items; and, thirdly, for certain budgetary items.

So, without complaining about the way this report is organized, I urge the committee in future to organize its report in that way, to make it easier for honourable senators to follow

the reasons, and to trace, or, if necessary, sleuth out, estimates that relate to particular departments and are of particular interest to honourable senators.

In the appendix to *Debates of the Senate* for yesterday, at page 1732, there is set out the split between the budgetary and non-budgetary items. Honourable senators will note that there is a heading "Supply To Date For 1985-86" and "Estimates Tabled To Date for 1985-86". Under the heading in the second column, dealing with "Supplementary Estimates (B)", we see that the budgetary items amount to some $976 million to be voted, both budgetary and non-budgetary; and the statutory figure for non-budgetary is $899 million, with the totals shown.

But, as I pointed out, that does not answer my question arising from the committee's report, because it does not break it down in terms of big items, policy items, budgetary and non-budgetary items, and specific explanations for the individual departments.

So, honourable senators, I hope that in future the committee will organize its report in that way, and thus improve its work, and also its report, from the aspect of its usefulness to us in debating the supply motion.

Because I was unable to sleuth out any major policy items that were the subject matter of these supplementary estimates, I take it that the Deputy Leader of the Government, in closing the debate, will tell me if I have overlooked something. Because he is supporting the bill, if there is something in it that raises a major policy issue, and not simply routine issues, I hope he will tell us. If I am correct that in these supplementary estimates there are no such policy issues, then I recommend that, in the usual way, without in any way supporting the need for these funds, but, rather, taking the government at its word—we, in this chamber, should not refuse government supply but should vote in favour of the motion.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker: I wish to inform honourable senators that if the Honourable Senator Doody speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Doody: Honourable senators, I thank Senator Frith for his helpful comments, particularly as they relate to the report of the committee, of which I am a member. I shall take care that Senator Leblanc, the chairman, and Senator Kelly, the deputy chairman, are made aware of his comments. I am a little concerned with regard to having each of the items brought to the attention of the committee. I think of the blue book that comes out once a year. It daunts me a little, but I believe we can work that out. It may be a small technical problem. Although I gave the honourable senator a full total, I am not sure that is what he had in mind. Regarding the honourable senator's concern about not finding a department that starts with "Z", I will tell him to relax, since it seems to me that successive governments, as they come to power in Canada, are hell bent in getting at least one department for each letter of the alphabet; and probably we will succeed in getting several from time to time.

[Senator Frith.]

Senator Frith: "Zeppelins", perhaps.

Senator Doody: Yes. They may come back.

Senator Frith: Hot air zeppelins!

Senator Doody: With reference to items of policy, I hesitate to say that there are none in the highlights of the supplementary estimates appended to yesterday's proceedings. Note is taken of the $965 million statutory loan to the Canada Deposit Insurance Act and the intention of the government to introduce legislation to change the premium rate on the members of that group, which, if it is not a departure in policy, is certainly a large item that is brought to the attention of Parliament. The $73 million statutory item for payment to the Canadian Commercial Bank is part of those supplementary estimates, as well as the $553 million vote for the implementation of the Canada Jobs strategy. Although those items are certainly of significance, they have been brought to the attention of honourable senators before, and I really believe that there is nothing surprising or new in these estimates.

So, honourable senators, with those few words, I commend second reading of Bill C-89.

Motion agreed to and bill read second time.

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

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

MARRIAGE (PROHIBITED DEGREES) BILL

CONSIDERATION OF REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

The Senate proceeded to consideration of the Sixth Report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-2, to amend and consolidate the laws prohibiting marriage between related persons, which was presented on Tuesday, November 26, 1985.

Hon. Joan Neiman moved that the report be adopted.

She said: Honourable senators, in speaking to the report on Bill S-2, which the Standing Senate Committee on Legal and Constitutional Affairs tabled in the chamber on November 26, I shall impose on your patience to remind you of why the Senate embarked almost two years ago on the project of studying and proposing amendments, where it deems appropriate, to the present federal law with respect to capacity to marry. I shall then spend a little more time reviewing what the committee has learned during its hearings, and why it has decided to recommend Bill S-2 in the amended form, as reported.

Honourable senators will be aware that section 91.26. of the Constitution Act of 1867 gives the federal government exclusive jurisdiction to legislate with respect to marriage and, more specifically, the capacity of persons to marry one another. That authority encompasses questions of consanguinity, affini-

ty and other types of relationships which the federal government deems appropriate to include. The provinces, on the other hand, were given exclusive jurisdiction under another head of the act to legislate with respect to the solemnization of marriage.

However, with one exception, the federal government has not legislated in its assigned field. It merely adopted the law on capacity to marry in force in England which was observed at the time of Confederation by the pre-Confederation provinces, with the exception of Quebec. Fortunately, the marriage prohibitions then found in the Civil Code of Quebec were similar to those observed in the other provinces. So there were no substantive differences in legal doctrine with respect to capacity to marry which needed to be reconciled.

● (1510)

The practice of barring marriages between persons having certain relationships, whether by blood or otherwise, to one another is part of ancient Judaic religious law, and Christians in turn adopted and adapted similar prohibitions. Over the centuries, the list of prohibitions was expanded and contracted from time to time. Some time after King Henry VIII split England from the Holy Roman Church, he ordered the prohibitions to marriage which were then decreed by the ecclesiastical court, to be written in the statutes. They eventually were included in the Anglican Book of Common Prayer and became the foundation on which the common law that Canada acquired at Confederation was based.

That common law then was, and now is, that no person may marry another person of the opposite sex who is within three degrees of blood relationship or affinity. That means it extends literally to grandparents and grandchildren. It does not include great grandparents and great grandchildren. It also extends to aunts and uncles as well as to siblings.

There is one other common law prohibition, and that is between step-parents and step-children. However, there is no prohibition against step-siblings marrying one another. The law remains in a somewhat confused and uncertain state in that regard. As I mentioned earlier, Canada made its first and only statutory amendment to the common law about 1970 in order to permit a person to marry a sibling of his or her deceased spouse—that is, a former brother-in-law or sister-in-law or the child of such deceased spouse. The courts of at least three provinces have ruled that the same law is applicable in the case of divorce. On the other hand, the Province of Quebec has attempted to prohibit marriage where a previous marriage has been dissolved by divorce by enacting such a provision in its Civil Code. However, the legislation purports to deal with capacity to marry, so, if the federal government were to legislate a contrary or differing provision, its legislation would naturally have paramountcy. The other provinces have not dealt with the question of the effect of divorce on subsequent capacity to marry, so that area of the law remains in doubt.

The other question which remains in doubt and which needed to be addressed by the committee is with respect to the effect of legal adoption. There is no reference to such a relationship in the common law, because adoption is a relatively modern statutory concept which falls generally within the jurisdiction of the provinces. Today all the provinces of Canada have adoption legislation which provides, in effect, that an adopted child acquires the status of a natural child and shall be so treated in all respects. However, since again the federal government has not legislated on the matter, the common law prevails in the federal field. This means that persons related by adoption are legally free to marry. This situation was considered by the Senate in 1978 when there was an application by adoptive siblings to be granted an exception to what they had been advised was the general law. The Senate advised the applicants that there was no such prohibition to marriage. We understand the applicants in fact were married shortly after receiving the advice of the Senate. On the other hand, the committee learned during the course of its hearings, that the Office of the Registrar General in Ontario refused to grant a marriage licence to applicants who have an adoptive relationship toward one another as uncle and niece. Again, while it is likely that that decision could be challenged on the basis that the Registrar General exceeded his powers in attempting to impose a provincial concept of adoption on a federal law, particularly in view of Parliament's decision in 1978 which I just mentioned, the incident does illustrate the confusion that remains in this area.

Parliament has not had to deal with many applications for exception to the general law regarding capacity to marry. There were three in 1975, all second-degree relationships—one by consanguinity and two by affinity. At that time Senators Flynn, Asselin and myself all questioned the propriety, although they unquestionably had the right, of Members of Parliament making the types of legal and social decisions inherent in judging such applications. We recommended then, and again in 1978 when the application of the adoptive siblings was before us, that the Department of Justice examine the present marriage law in Canada with a view to clarifying and amending it where necessary. No action appeared to have been taken on our recommendations, and when the Senate was faced with eight additional applications about two years ago, it decided to look into the matter itself. It referred the matter to the Standing Senate Committee on Legal and Constitutional Affairs. The committee began hearing witnesses on the reference more or less concurently with its consideration of the eight marriage bills, during the months of February and March 1984.

The first witness to appear on the reference was the then Minister of Justice, the Honourable Mark MacGuigan, P.C. He simply confirmed that the law of marriage needed to be clarified and he encouraged us to recommend appropriate changes. The committee then heard from Professor H.A. Hubbard, Q.C., who was acting Dean of the Common Law Section of the University of Ottawa. Professor Hubbard had published an article in the McGill Law Journal in 1983 entitled, "Marriage Prohibitions, Adoption and Private Acts of Parliament: The Need for Reform". The professor's article was inspired to a certain extent, so I understand, by the applications to Parliament for exceptions to the marriage law

made in 1975 and 1978. In his article and again in his evidence before us, Professor Hubbard recommended that the scope of the present prohibitions be narrowed to exclude prohibitions against the marriage of an uncle and niece, an aunt and nephew and a step-parent and step-child. His view was that the eugenic and social justifications for retaining certain prohibitions are no longer persuasive or appropriate by today's medical and ethical standards.

As the committee was then considering having one of its members introduce a bill in the Senate to amend the marriage law rather than continuing its study by way of the reference, Professor Hubbard reminded us of the Australian experience which had been quite similar to ours. As a result, their Parliament had passed the Marriage Law Reform Act in 1975 which had since proved quite acceptable to the public at large. That bill simply did away with all dispensations, or exceptions, as we call them, as well as all prohibitions arising out of affinity, including step-relationships, and those prohibitions in the area of consanguinity between aunt and nephew or uncle and niece.

● (1520)

Of importance to our consideration of Bill S-2 as amended is that Australia retained in its law the prohibition against the marriage of persons related by adoption, either lineally or as siblings, which had been in force there for some time. However, Professor Hubbard's opinion was that that prohibition did not exist at common law and so we ought not to introduce a new prohibition into our law. He reiterated this view more forcefully when he appeared again before the committee a couple of months later while we were studying Bill S-13.

The committee then heard from Dr. Abby Lippman, Professor at McGill University and a medical geneticist, who was highly recommended to us and whose views, so we were told, coincided with those of other leading geneticists. Her evidence was carefully detailed and very informative as she had been involved in genetic research and counselling for some years to such persons as first cousins contemplating marriage. Because the risk of gene disorders in aunt-nephew and uncle-niece matings is quite small—she cited 2 per cent as compared to 1 per cent for non-related parents—Dr. Lippman was prepared to support the removal of prohibitions in those particular areas.

As a result of the evidence that the committee had heard, it was recommended that a bill be introduced in the Senate in the terms suggested by our legal and medical witnesses. Bill S-13, which was introduced in May 1984, simply provided that persons related lineally by consanguinity or as brother and sister by consanguinity, whether by the whole blood or by the half blood, were prohibited from marrying. That bill provided specifically that marriage between other persons related by consanguinity, affinity or adoption was not invalid by reason of their relationship. That bill thus confirmed the common law with respect to adoptive relationships and removed the present uncertainty in the law with respect to the right of certain other persons to be able to marry; for example, between persons who had a lineal step-relationship to one another, where that relationship had been dissolved by either death or divorce. The other area which was clarified was to permit the marriage of persons whose relationship arises out of a previous marriage which had been dissolved by divorce.

The committee was aware that, while endorsing the introduction of a bill in those precise terms, it had not yet fully explored the social and ethical concerns of families, religious groups and society in general. I, as chairman, was therefore instructed to get in touch with representative groups and organizations to solicit their views. A very detailed résumé of this history and the present state of the law was prepared, as well as a questionnaire on various matters which the committee felt needed to be addressed. That communication was sent to all major religious denominations in Canada having a membership of more than 100,000. There were 13 of these groups in all, and they all eventually responded, some at great length. Because many of the denominations wished to consult their members, or at least those charged with enunciating policy and religious doctrine in the areas we were considering, most of the replies were not received until well into the summer of 1984, after Bill S-13 had been introduced. You will recall that in June 1984, Parliament was dissolved and Bill S-13 died on the order paper.

I should say, however, that in the interval copies of Bill S-13 were sent to the Attorneys General of all the provinces and of the Yukon and the Northwest Territories requesting their comments on the proposed changes in the marriage law.

Let me now give you as brief a summary as I can of the replies and opinions which the committee received. As I mentioned, there were responses from 13 churches and other religious bodies. Of these, only two, the Greek Orthodox and the Canadian Jewish Congress, were opposed to all of the proposed changes to marriage prohibitions. Their objections were essentially doctrinal in nature. They feared a conflict between their religiously based prohibitions and the much less restrictive scope of civil prohibitions as proposed in the legislation.

The Presbyterian Church's objections were of a somewhat different nature. The Church was of the opinion that there was still justification for retention of a considerable number of marriage prohibitions beyond lineal consanguinity and siblings, in order to protect the integrity of the family unit and neighbourhood relationships. They said they would countenance a delegation to family courts of the power to make exceptions, if necessary, to the general law.

There was something approaching a consensus amongst the respondents on the bill with regard to social and familial concerns, principally having to do with the marriage capacity of persons related by adoption. The Roman Catholic Church stated that adopted children are in all regards considered as the natural children of the adopting parents, therefore it was only normal for the same consequences to apply to them. The Anglican Church opposed the lack of such prohibitions regarding adoption in the present law for reasons of family structure and solidarity. The United Church was also initially opposed to all such marriages within what it wished to be regarded as

the prohibited adoptive degrees. However, that Church later wrote to the committee again and said it might not object to a relaxation of the proposed blanket prohibition of adoptive marriages where "adoptive" siblings, for example, had been adopted into a family in their immediate pre-teens when they already had a high degree of development of identity apart from the adoptive family.

The Lutheran Church also opposed marriages between persons related lineally or as siblings by adoption. Some churches—the Anglican and the Lutheran—opposed any change in the prohibition of persons related as step-parents and step-children.

I might say here that after studying the replies from all the churches and religious organizations, the committee concluded that, with respect to the doctrinal views, no matter how profoundly those views were held, they should not necessarily influence formulation of the general law of marriage. Those religions which wish to maintain a large number of prohibitions are free to do so, and are free not to give their sanction to adherents who do not comply.

● (1530)

In a pluralistic society like Canada the general law should not be constrained by any particular religious views. The committee also felt that if there had been a consensus against the proposals amongst the religious organizations, its conclusion in this regard might be re-examined. The other churches and religious organizations did not express any opinions on the proposed legislation, and some of them merely said that they had no particular objection to it at all.

We did hear from all of the provincial governments and the two territorial governments, and every reply addressed the issue, and nine of them were clearly, and even strongly, opposed to omitting a prohibition to adoptive relationships in the Marriage Act. The other three—which were Prince Edward Island, Nova Scotia and Ontario—chose not to comment on the issue, although each did express the desire that the committee look into the question when considering the bill.

When the new Parliament convened, the committee resumed its task of updating the marriage law by preparing a new bill for introduction in the Senate. Because the weight of opinion which had been received from religious organizations and from the provinces and territories favoured adoptive relationships being treated on the same basis as natural relationships, the committee considered reversing its stand and introducing a prohibition for adoptive relationships within the same degree as those being prohibited for natural relationships. However, the committee was aware that it had still not heard from certain other important elements of our society, such as social agencies which were intimately concerned with family matters, so that it was not yet ready to recommend such a significant change to the current law. Bill S-2 was, therefore, introduced in substantially and substantively the same form as the previous Bill S-13, with the important exception that all reference to adoption was omitted. The committee recognized that Bill S-2 left the law with respect to adoption in the same uncertain state that it actually is in today, but preferred to proceed by amendments in committee which would finally define and clarify the law only after it had heard further evidence.

The committee also solicited input and advice from various social agencies, five in all. They were the following: Family Services of Canada; the Ontario Association of Children's Aid Societies; the Children's Aid Society of Ottawa-Carleton; the Vanier Institute of the Family and the Canadian Council on Social Development. Those agencies were sent copies of Bill S-13, and, later, copies of Bill S-2 with an explanation of the changes. Similar communications were sent to the provincial and territorial adoption agencies. Unfortunately, very few replies were received.

The agencies concerned with adoption in Manitoba and New Brunswick were strongly opposed to the concept that persons related by adoption, either lineally or as siblings, should be permitted to marry. The only other agency which replied, that of the Province of Ontario, approved the other aspects of the bill, as did the first two respondents, and also expressed its opinion to the effect that leaving the question of adoption unlegislated would not, as it said, "adversely affect the institution of adoption." There were two replies from non-governmental agencies, the Canadian Council on Social Development and the Children's Aid Society of Ottawa-Carleton, neither of which expressed an opinion on the adoption issue.

The committee invited Professor Alastair Bissett-Johnson of the University of Dalhousie to appear before it. He has studied, taught and written extensively in all areas of family law—marriage, divorce, adoption, et cetera—in England, the United States, Canada and, for some years, in Australia. So, he is very familiar with the Australian experience. Professor Bissett-Johnson's opinion was generally in support of the current Australian law which contains the same prohibitions as Bill S-2, plus the amendment regarding adoption, as proposed by the committee. He did take issue with Professor Hubbard's position that adoptive relationships should not be included in the list of prohibitions, because Professor Bissett-Johnson felt that there was sufficient constitutional law to put into question the right of the federal government to legislate in the field of adoption so as to attempt to overrule existing provincial legislation in that area. As he said:

> So, if it were thought that the federal government was going to pass legislation which had the effect of undermining provincial adoption laws, I think there is at least a case for saying in some circumstances there could be a constitutional objection from the provinces, and I do not regard Professor Hubbard's point, as I understand it, that just because there is a question of the federal government having occupied the field it automatically wins in all circumstances.

The final witness before the committee was a member of the Institute of Family Living, a group of professional marriage and family therapists in Toronto. The committee heard that as a group the members of the Institute tended to agree with the views expressed by the Presbyterian Church, particularly with respect to extended family structures in today's society. The

second area of its concern was with respect to blended families which are occurring more frequently these days because of the increase in divorces and subsequent remarriages. The Institute would not change the current law prohibiting the marriage of a step-parent and a step-child. The Institute supported the many religious organizations which had written to the committee indicating their strong opposition to the omission of adoptive relationships in the prohibitions to be included in an amended federal law. It did suggest, as had one or two other respondents, that it might be amenable to the idea of a provincial court being authorized to make exceptions to the general law regarding step and adoptive relationships in exceptional circumstances for the purpose of marriage.

At the conclusion of its hearings the committee had therefore to decide, with respect to both step and adoptive relationships, whether it would opt for no prohibition, absolute prohibition or some kind of qualified prohibition. After careful study of the evidence it had heard over the past almost two years, honourable senators can see in Bill S-2, as amended, that the committee recommended there should be no prohibition in the area of step relationships but that there should be absolute prohibition in the area of adoptive relationships as specified in the amendment. The committee decided against any kind of a qualified prohibition that might entail the courts having to grant exemptions on the basis of certain social criteria which would have to be formulated by the federal government in order to ensure uniformity of application from province to province.

Honourable senators, I have submitted to you this lengthy review so that you will have in one copy of *Hansard* a comprehensive analysis not only of what the current law is regarding capacity to marry, but the reasons the committee is recommending Bill S-2 in its amended form. I should add that all members of the committee who were present at its final session on Bill S-2—and there were several who had attended most of the sessions faithfully and had carefully weighed the evidence—voted in favour of the bill as amended. However, Senator Flynn who was the sponsor of Bill S-2 and who was, unfortunately, unable to be present at that meeting has made known to some members of the committee his opposition to the amendment. I know he intends to give an explanation for that opposition, and I am aware that at least two other honourable senators have reservations with respect to the amendment. I have not heard any other objections to other provisions in the bill which have the effect of removing certain prohibitions and clarifying the status of our marriage law in other areas.

● (1540)

Before I conclude, I should tell you that the eight applications for exception to the present marriage law, which were considered in committee at the same time as the reference and Bill S-13 in 1984, were approved in committee. The cases involved the following types of applications: There were three cases of uncle and niece related by consanguinity; one case of an aunt and nephew related by consanguinity; there were two applications with respect to persons formerly related as in-laws; and there were two cases of an aunt-nephew relationship where the relationships had been dissolved, if we accept our proposed version of the law, by divorce. Those eight marriage bills were eventually approved in the Senate and then by the House of Commons with very little debate prior to the dissolution of Parliament last year.

After honourable senators have had an opportunity to hear the arguments and expressions of opinion of our colleagues who wish to participate in the debate on this report, we shall be in a better position to vote on the form of Bill S-2 which we wish to send to the House of Commons for consideration.

Hon. Jacques Flynn: Honourable senators, as Senator Neiman mentioned, I am the sponsor of this bill but I do not claim necessarily that it belongs to me.

Senator Frith: Only in the adopted sense.

Senator Flynn: I am an adopted sponsor of the bill.

The first initiative was taken by Senator Stanbury when we had Bill S-13 before the Senate and in committee previously. It is a joint venture by some members of the committee.

Honourable senators should be thankful to Senator Neiman for having reviewed the whole history of this bill and of this problem of prohibition to marriages. However, as the bill is in my name, I have to say that I am in complete disagreement with the report. My purpose was to clarify the situation, to do away with prohibitions that were no longer justified and not to add prohibitions to the situation, which is what we are doing with this reference to adoption. Presently, there are no prohibitions, and I am not sure if Senator Neiman mentioned this, but some years ago we had the problem of two children adopted by the same family who came before us and asked for a bill to allow them to marry. We came to the conclusion that there was no prohibition and, therefore, we told them there was no problem with getting married, and they did so. Now we are going to prohibit this kind of marriage. If a similar case exists in the future, they will have to come before Parliament for a special bill.

At this point the report is before us for consideration. By adopting the report we simply agree that the report is before us, but when third reading is moved I intend to move an amendment to delete all the references in that bill to "adoption." If there were any agreement that adoption should remain a reason for prohibition lineally, I would not object to that, because I do not see any difficulty in such a prohibition. The question of marriage between a father and child by adoption is not one that would come up often.

I certainly object very strenuously to creating a prohibition between brother and sister by adoption. As I am not in favour of this report, I do not know who is going to move third reading but it certainly will not be me. If someone moves third reading, I will move the amendment as I have indicated and I will explain my position further.

Hon. Henry D. Hicks: Honourable senators, it is not necessary for me to elaborate very much on what has already been said. I appreciated hearing Senator Neiman's comprehensive exposition of the bill and the evidence that her committee had received from various agencies throughout Canada and so on. I

have some sympathy and understanding with them, but I hold firmly to the view that this legislation prohibits marriage between related persons because of consanguinity. I know the argument is used by some of our social workers and some of our social welfare institutions that there are undesirable results that may accrue to a marriage between persons related only by adoption or by a step-relationship. I suggest that there are socially undesirable marriages that take place for many, many reasons and we cannot and do not attempt to legislate to prevent those marriages. I do not think that because there may be a socially undesirable marriage that will take place by virtue of an adoptive relationship or by a so-called step-relationship, that that is an appropriate subject for legislation. If Senator Flynn pursues the course which he has described to us this afternoon, I will be voting with him.

Hon. Finlay MacDonald: Honourable senators, I should like to ask Senator Neiman a question. How many of the churches recommended or had no objections to the marriage of adopted children if they had been adopted at what you referred to as a developmental age or in their teens? Was that a commonly held view or do only a few churches hold that view?

Senator Neiman: That view was held by the United Church. Initially that Church was opposed to the idea of permitting marriage where there were adoptive relationships either lineally or as siblings. They later indicated that their advisory group on marriage, family and sexuality might not object to a relaxation of the proposed blanket prohibition of adoptive marriages in Bill S-2.

● (1550)

Unfortunately, there was some confusion in people's minds at that time as to what the actual import of the bill was. We could tell from the responses we were receiving that some thought the bill, or at least the law at that point, contained some kind of prohibition, while others did not.

The United Church and the Roman Catholic Church—the two largest religious groups in Canada, with several million members each—were both opposed. The United Church had a qualified objection.

Senator Flynn: Did you say that the Roman Catholic Church was opposed?

Senator Neiman: The Roman Catholic Church was opposed to the prohibition being removed. They had, somehow, assumed that it had been retained, as did some other churches.

The Anglican Church and the Lutheran Church opposed removal of the prohibition for adoptive relationships. Four churches had no major objections to the proposal: the Pentecostal Assemblies of Canada; the Mennonite Central Committee; the Jehovah's Witnesses, and the Salvation Army. Two others simply did not give us any kind of opinion on the legislation at all, and those were the Council of Moslem Communities of Canada and the Canadian Baptist Federation.

Therefore, six really did not comment on it; six were opposed to the marriage of adoptive siblings and lineal relationships, and one had a qualified opposition that would permit exceptions in certain cases.

Senator Flynn: The Roman Catholic Church agreed to marriage between adoptive brothers and sisters some years ago.

Senator Neiman: That is true. Senator Flynn will note that I was merely quoting from the communications. We received long letters from each of the churches, which I have in my hand.

Senator Flynn: I do not agree with that.

Senator Neiman: In essence, of the 13 respondents, six supported the idea that there should be a prohibition between adoptive relationships—

Senator Flynn: When we submitted the bill, they said that they agreed with the bill. They did not suggest adding to the bill.

Senator Neiman: Six respondents supported the idea of prohibition regarding adoptive relationships, and one other, the United Church, indicated a qualified support. It would allow exceptions to the prohibition. The remaining six respondents made no comment, and by that we can assume they had no objection to the idea of adoptive persons being allowed to marry one another.

Since this is a confusing question, I think it would be useful, if any honourable senator so wishes, to look at the questionnaire and the answers from all the organizations which are appended to the *Minutes of the Proceedings of the Standing Senate Committee on Legal and Constitutional Affairs* of May 10, 1984. The responses are printed in some detail and are available for honourable senators' perusal if they want to look at them.

Honourable senators may also wish to refer to the evidence of Professor Hubbard who supports Senator Flynn's view. Professor Bissett-Johnson, whom we heard from just recently, took a different view. Honourable senators who have further questions about this matter may wish to refer to those minutes of proceedings.

Motion agreed to, on division, and report adopted.

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

Hon. C. William Doody (Deputy Leader of the Government): This is an interesting dilemma. This is a private member's bill, not a government bill; therefore, having in mind the objections of the sponsor of the bill, I hesitate to move third reading.

Senator MacEachen: Be hesitant.

Senator Doody: For the first time in my life, I am taking the advice of Senator MacEachen and I am being hesitant.

Senator MacEachen: Remain reluctant.

Senator Doody: I am remaining reluctant. As it stands right now, the report has been adopted.

The Hon. the Speaker: The bill is reported after second reading, but when shall we have third reading? Now?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I suggest that this item stand on the order paper while we give the matter some thought.

Senator Doody: It is not exactly a six-month hoist; it is, sort of, in limbo.

The Hon. the Speaker: Is it agreed that the motion remain on the order paper with no senator's name following it?

Hon. Senators: Agreed.

● (1600)

[*Translation*]

REPRESENTATION BILL, 1985

SECOND READING—DEBATE ADJOURNED

Hon. Jacques Flynn moved that Bill C-74, to amend the Constitution Act, 1867 and the Electoral Boundaries Readjustment Act and to provide for certain matters in relation to the 1981 decennial census, be read the second time.

He said: Honourable senators, the purpose of Bill C-74 is to revise the formula for determining the number of electoral districts, and to amend the relevant legislation. Under the formula in effect since 1974, based on the population of Quebec divided by 75, the number of seats in the House of Commons, as adjusted according to the 1981 census and therefore applicable in an election to be held around 1988 or 89, would be increased from the present 282 to 310.

In 1991, the census would increase the number of members to 343, and in 2001 to 369. Considering this very substantial increase, there was unanimous support for the concept of limiting the increase in the number of members. The proposal now is to change the formula so as to limit the total number of members to 295 for the next election on the basis of the 1981 census. The population increase projected for the 1991 census would then give us 296 members, and for the year 2001, 298. As you see, by adopting the formula proposed in this bill, we would have 71 fewer members than under the present formula. The bill would change section 51 of the Constitution Act, 1967, to provide the following formula under sub-section 51(1):

> 1. There shall be assigned to each of the provinces a number of members equal to population of the provinces by two hundred and seventy-nine and by dividing the population of each province by the quotient so obtained, counting any remainder in excess of 0.50 as one after the said process of division.
>
> 2. If the total number of members that would be assigned to a province by the application of rule 1 is less than the total number assigned to that province by the last preceding readjustment of the representation of that province made in accordance with this Act, there shall be added to the number of members so assigned such number of members as will result in the province having the same number of members as were assigned by the last preceding readjustment.

So, first we establish a round figure. We divide the population of the provinces by 279, which is the present number of members representing the provinces, excluding the Northwest Territories and Yukon. The result is, I believe, 97,000, which is the number required for an electoral district.

However, clause 2 provides that none of the provinces will have fewer seats than it now has. For example, Quebec will keep its 75 members, Nova Scotia 11, and the smaller provinces will still have the same number of seats so that only Ontario, Alberta and British Columbia will gain seats under this formula. These seats will not necessarily be acquired for ever. Should those provinces have a proportional decline in population, that number might be reduced.

Hon. Royce Frith (Deputy Leader of the Opposition): The population figure?

Senator Flynn: But it could not be less than the current number.

Senator Frith: A decline in population?

Senator Flynn: Yes. It is unlikely. In any event, that is the general formula proposed under the amendment to Section 51 of the Constitution Act, 1867.

In that respect, I wanted to draw the attention of honourable senators to a point which they might be interested in examining if the bill is referred to a committee. Perhaps we might put some questions to the officials about it.

According to section 42 of the Canadian Constitution of 1981, an amendment ot the Constitution of Canada may be made in accordance with subsection 38(1) concerning the principle of proportionate representation of the provinces in the House of Commons prescribed by the Constitution of Canada.

Section 38(1) provides that:

> An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by
>
> (a) resolutions of the Senate and House of Commons;

Therefore, to change that provision of section 51, which is a provision of the Constitution under the exclusive jurisdiction of the Parliament of Canada, we need only resolutions of the Senate and House of Commons. Before the Constitution Act, 1982, section 91.1. had already given that power exclusively to the Parliament of Canada. What I want to emphasize is that it says here "by resolutions of the Senate and House of Commons", whereas when the Senate considers a bill we go through three readings. Normally, a resolution necessitates only one decision of the House of Commons and the Senate. I would simply say we cannot overdo it. If we adopt a bill, it is at least as good as a resolution. In any case, the law will come into force on a day to be fixed by proclamation, as required under section 38(1).

Be that as it may, I find this amendment interesting because I think it is the first time since 1982 that we have an amendment to a provision of the so-called "federal" Constitution of Canada. That being said, Part II of the bill contains certain amendments to the Electoral Boundaries Readjustment

Act so that this legislation will take into account the formula provided under section 51.

In addition, there is a consequential amendment to the Electoral Boundaries Readjustment Act in Part III concerning the authority and mandate of the commission responsible for redistribution, and it sets forth the principles which the commission must follow. All those provisions are of a rather technical nature and have been the subject of debates in the House of Commons, particularly in committee. According to my information, the bill we have before us—there are amendments—substantially represents the views of all parties in the House of Commons.

So, a provision, for example—

Senator Frith: Excuse me Senator Flynn, what did you just say?

Senator Flynn: I said amendments were presented and that the rules for drawing the boundaries of electoral districts substantially reflect the views of all parties. There were some differences of opinion, but according to my information, nothing substantial. In fact, in some cases amendments originally proposed by opposition members were finally adopted. It may not be appropriate to comment on what transpired in the other place yesterday, but I know there was a motion to return the bill to committee. It seems, however, this was merely a manoeuvre and not an objection of any substance.

In any event, I would say this is an area that almost exclusively concerns the House of Commons, and I think that we as a non-elected chamber and as appointed legislators are hardly in a position to tell the members of the House of Commons how they should proceed to draw the boundaries of their electoral districts.

Nevertheless, if there were some major questions of principle, the Senate would certainly have a contribution to make. And as I said earlier, if some honourable senators would prefer to see the bill referred to the Committee on Legal and Constitutional Affairs, I will move the appropriate motion.

Once again, we must remember that the new formula will prevent the number of members in the House of Commons from increasing to 379 on the basis of the 2001 census. So according to the present forecast, we will have 298 instead of 369 members in the House of Commons. That is the immediate and practical purpose of this bill.

I don't know whether it would be useful to have them read into the record, but I have here a number of tables indicating the distribution that will result from this bill after the census of 1981, 1991 and 2001. If honourable senators feel it is proper, I will ask that these tables be appended to today's *Senate Debates* and not to my speech, because this would not be very useful.

Some Hon. Senators: Agreed.

(*For tables see appendix, p. 1764.*)

Senator Flynn: With those few explanations to help us, I ask the Senate to approve this bill. As I said, if it is the wish of the senators, I will suggest that it be referred to a committee after second reading.

On behalf of Senator Stanbury, debate adjourned.

• (1610)

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CONSIDERATION OF SENATE ESTIMATES FOR 1986-87

On the Order:

> Resuming the debate on the consideration of the Estimates of the Senate of Canada for the financial year 1986-87, as approved by the Standing Committee on Internal Economy, Budgets and Administration, tabled in the Senate on 11th December, 1985,
>
> And on the motion of the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Doody:
>
> That the Estimates of the Senate of Canada for the financial year 1986-87, as approved by the Standing Committee on Internal Economy, Budgets and Administration, tabled on 11th December, 1985, be not considered at this time but referred back to that Committee with instructions that it:
>
> (1) reduce, by attrition, the number of persons presently on staff by 2%, from 387 to 379;
>
> (2) conform to the guideline that the increase in the total budgetary Estimates of the Senate for 1986-87 not exceed the Estimates for the current year by more than 2.5%; and
>
> (3) report back to the Senate before it adjourns for the Christmas recess or as soon as possible.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I consider this motion to be ill advised and, as I will endeavour to show, unfortunate for the Senate and its committee. For that reason I will be voting against it. I will start by saying that I am sorry to have to do so, because I prefer that we do not find, as does the Leader of the Government, that the result of the long work of the Internal Economy Committee is unacceptable.

The mover of the motion points out quite rightly that this is the first time that the Senate has debated on the floor the report of the committee on Internal Economy on the subject of the Senate's own estimates. That underlines why I am sorry that the first time such a debate ever took place it has resulted in the kind of motion that is now before us.

The mover of the motion pointed out, and was aware of the fact—he was not ignorant of the fact—that the committee had spent a long time on the Senate's estimates. Any of us who have been in the Senate for the past seven or eight years—which is the length of time that I have been here—will agree that never during that period did the committee spend as much time, as much careful time, as it did on this occasion. I recall previous occasions when the Subcommittee on Budgets spent a good deal of time, but the main committee essentially accepted

the recommendations of that subcommittee. In this case, the Subcommittee on Budgets, under the chairmanship of Senator Barrow, spent long hours going through the estimates, having before it—as did the main committee—a letter from the Leader of the Government pointing out his wishes and the guidelines that he hoped the committee would follow. So both the main committee and the subcommittee had, well in advance—I accept that—the views of the Leader of the Government regarding the lines the committee should follow.

After giving the committee credit for the extensive work it had done—and I am sure that the mover of the motion also intended to give the subcommittee credit for the time it had spent going through the estimates item by item—he then pointed out that taxpayers would have to foot the bill for $1.3 million more than last year, and suggested that we in the Senate should run a tighter ship and reduce by $700,000 or more the results of the committee's work.

He suggested that it could all be done by attrition. He then asked the rhetorical question as to why the Senate should not accept the report of the Internal Economy Committee. Was there any special obligation on the Senate, he said—and, I take it, on its committee—to reduce further the reductions already made by the committee? He said yes, because we are subject to no controls, because no one can cut our budget. The taxpayers must pay, but they have no role in putting us here. Therefore there is need for self-discipline. He said that we, as a Senate, would not be carrying out our responsibilities if we did not impose the self-discipline that he is asking the Senate to impose.

The difficulty with that is that I cannot see how this motion can escape the implication that the committee was not aware of those factors.

An Hon. Senator: Right on!

Senator Frith: The innuendo that the committee was not aware that the taxpayers must pay the bill, was not aware that there was need for self-discipline, was not aware that it should carry out its responsibilities accordingly, is inescapable. I would not for a moment suggest that every senator, including the Leader of the Government, is not free to criticize any report of any committee, but in this case it has been done in such a way as to imply that the committee was not aware of the considerations that influenced the mover of the motion. That is the first position that he took.

● (1620)

Senator Roblin's second position was that as a result of his experience over the years he realized that each item could be justified and said that he recalled experiences when he had been "blinded by science." I do not understand that metaphor, but I am going to try. I take it that it means that those who wish to cut the proposed budgets—among whom he includes himself and, I assume, on the evidence, that he realizes that it includes the Internal Economy Committee—can be blinded by science. That is, the cutters of budgets are not scientific and those who wish budgets to be large are scientific. I do not quite follow that.

[Senator Frith.]

Senator Roblin: You sure don't.

Senator Frith: However, those are the words. Senator Roblin said that he knows that he is exposing his flank if he wants further cuts because he assumes that someone—and I assume that he means the Internal Economy Committee—will be attempting to blind him by scientific or other methods. What can one say to that?

Senator Barootes: I am sure you will find something.

Senator Frith: Yes, I will, and I will take any aid I can get from Senator Barootes. He places those who propose to support the report of the Internal Economy Committee in the position of people who are not prepared to accept the discipline they ought to, and if they say anything in support of the items in the report, they are trying to blind somebody by science. I do not know how else it can be put. I will say this: Well played, sir, because that is a nifty gambit. In your speech, you are placing those who want to support the committee's work in the category of somebody who is trying to pull some trickery to blind anyone who wants to support the motion criticizing the committee.

The next thing the sponsor of the motion says—and this is a corollary to what we might call the "blinded by science" proposition—is that because of that blinding effect he will not expose his flank by dealing with particular items that he thinks should be cut, because he feels that someone will come forward to support them—as if someone should not come forward to support them. Anyway, these scientific blinders will come forward on any particular item because, as he said, every item can be supported. Therefore, he was not about to deal with individual items. The next thing Senator Roblin did, according to my notes, was to deal with individual items. For example, he accepts the fact that there are certain statutory items over which we have no control. He says that they are paid for or washed out anyway by the saving on the Parliamentary Association. Therefore, that is not an item that he thinks should be changed. I must say that he took a bit of joy out of having pointed out that we had no control over those items by saying, "Oh, yes, you had no control, but it doesn't matter. So you didn't achieve anything because they were washed out by the Parliamentary Association savings."

The next item is research assistance. Honourable senators understood that the sponsor of the motion did not want to focus on any particular item, but he did focus on this one, and he said that we can achieve the objective of research assistance for senators by re-deploying. What does that mean? First, it means that he agrees that we need more research assistance, otherwise he would not be proposing the re-deployment. Then he says that there are 93 people working for 102 senators, that they are not fully employed and that by re-deploying them we could free up ten people, which is the number mentioned in the report as a base figure for research assistance. So if the caucuses were to re-deploy, we could save some $300,000. That is the item that was in there for research assistance, and assistance is spelled "assistance" not "assistants," which gives the sense that it was not necessarily for ten research assistants. However, that was the base they used in order to come up with

a budget figure. I had someone check into this suggestion of re-deployment. Honourable senators will notice that 93 people are working for 102 senators. That is not even one per senator, which is something to keep in mind when we start examining the comparisions with the House of Commons.

Senator Perrault: And the Prime Minister's Office.

Senator Frith: Yes, and others, but more of that later.

Senator MacEachen: We look forward to it.

Senator Frith: For the moment, let us focus on the 93 employees. Of the 22 senators—and I know that some will think that I am making an accusation of some venality here, but I am not—it just comes out that way and I am sure that it was not the proposer's intention—who now share secretaries, 18 are Liberals, two are Independents and only two are Conservatives. It means that while 25 per cent of Liberal senators and 50 per cent of independent senators already share secretaries, only 7.6 per cent of cost-conscious Conservative senators have to take the same step.

Senator Perrault: Those were the cuts.

Senator Frith: I assure honourable senators that I am not being a smart alec—

Senator Perrault: Never!

Senator Frith: I mean it when I say that I do not think that Senator Roblin figured that out and came up with a plan in order that it would have that result. I am sure that he was not aware that it would have that result.

Senator Perrault: He is an honourable man.

Senator Frith: However, knowing that the plan has had that result, I am sure that he will reconsider the suggestion. That takes care of that whole item. The only suggestion that was made on that item was not that we do not need the assistance—and we are talking about ten people helping 104 possible senators—but that we need those ten assistants and that, in fact, we should cut down on what we have and re-deploy. Let us give the Leader of the Government his due. He was, I assume, in favour of having some further help; it is just that he did not like the way we were going to go about getting it and thought that it would be better that we re-deploy, with the corollary I just mentioned and of which, I am sure, he was totally ignorant.

I come now to the next item that the honourable senator did not want to deal with but did, the question of committees. Senator Roblin complimented the Senate for the excellent work that the committees were doing.

Senator Perrault: Hear, hear!

Senator Frith: I suppose that could perhaps be rhetorically called the principal jewel in the Senate's crown. He then felt that, taking into account the contingency, which I do not feel anyone could justify saying was excessive since it is $100,000—an amount less than 10 per cent of the total amount—perhaps the increase indicated that the committees, which had, he admitted, done such great work this year and which are so important to the Senate, were getting a bit ambitious to be anticipating more work than they had done this year. I suppose he was clearly not saying to the committees: "Good for you; upward and onward", and I admit he was not saying, "Good for you, backward and downward"—although I think he was saying that to the Senate generally, but not to the committees; what he was saying is "Good for you; onward, but no more; you are being too ambitious."

● (1630)

I want to assure the Senate on behalf of the committee—and I mention parenthetically again that this committee was made up of members of the government side and the opposition side—that not a single vote was taken on any item, no matter how small, no matter how big. Consistent with its tradition, this committee worked by consensus. That is not to say that there was not disagreement. There was, in fact, vigorous disagreement, but while I speak of that vigorous disagreement, it is apropos to underline again that that disagreement crossed party lines. There were times when opposition senators were opposing increases and supporting cuts and there were times when supporters of the government were suggesting increases or suggesting added amounts for certain purposes in order to enable senators to do their job. If I had to identify one unanimous theme throughout the long hours of deliberation—and when I say "unanimous theme", I am not speaking of consensus here—whether a senator was proposing a cut or whether he was proposing an increase; whether he was supporting an addition or whatever it was, the one element that was common and unanimous was that every senator said he or she was taking their position because they felt it would be better for the Senate and would enable senators better to discharge their constitutional duty. That was unanimous and that unanimity on that principle permeates every single element down to every dime, every nickel and every penny. That is what is in this report that is the subject of this resolution.

Let us look now at OASIS. As far as I am aware, every single member of the House of Commons who wants OASIS now has it—the works. Not just the screen but the works, including, as Senator Roblin quite rightly said, a very expensive item of some $14,000 for the word processor. I agree with Senator Roblin that that is a very expensive item, but I tell him and I tell any members of the Senate who are not members of the Internal Economy Committee, or who did not participate in the committee's work, that the committee was very much aware of the difference between the cost of the two components, that is, the OASIS screen and the word processor.

After this matter had been studied and sent to the Subcommittee on Budgets, together with a recommendation from the Subcommittee on Accommodation and Facilities, which had studied the whole OASIS system, a proposal was made, and I say to you, honourable senators, that this resolution before us now criticizes the committee's decision on OASIS. Therefore it is important, when you decide how you want to vote on this resolution, to know what happened in the committee on that item.

This is what happened. There was a feeling amongst senators that, in order for individual senators to do their work, they needed many of the facilities that the House of Commons now has, and this was one of them. Therefore the Committee on Internal Economy, whose job it is to look into these things, did look into it and referred a proposal for detailed study to the Subcommittee on Accommodation and Facilities. That subcommittee made the study, came up with the costs and reported back to the main committee. The main committee showed the same concern that Senator Roblin and other senators have shown in terms of the very expensive addition that is called the word processor. Indeed, the amount necessary was a big, six-figure amount and the committee said: "We should not do this. We would like to think that all senators are entitled to the same basic facilities of this kind as are the members of the House of Commons, but we are going to exercise some self-discipline," as Senator Roblin had urged us to do. We are not ignorant of the fact that Senator Roblin wanted that. As an aside, I say to honourable senators, can you imagine this happening in the House of Commons? Did the House of Commons say, as we did: "This is an expensive item." The taxpayers that Senator Roblin is concerned about are the same taxpayers who are concerned with what is spent by the House of Commons, I assume. Did the House of Commons say to themselves: "Wait a minute, we had better not go for this because the taxpayers are paying for it." They just did it. If a member in the House of Commons did not get "the works," it was because he slammed the door and said, "I do not want it."

Did we, in the Senate, do that? The answer is no. Did this committee fail to discipline itself in that way? The answer is no, it did not. It decided to send around a questionnaire to all of the senators which explained that the service was available; that the House of Commons already had this service and pointed out that the committee was not saying to senators that they were not entitled to the same service; that they were not as good as members of the House of Commons or that we did not, as senators, need the basic help that the House of Commons gets. What we said to senators was: "Would you use it? Do you need it? Do you want it?" We then received the returns from senators, and we on the committee took what is apparently, according to the notes I have of Senator Roblin's speech, the unreasonable position of accepting a senator's word that he or she wanted it, or that he or she needed it. It is again, I suppose, an inescapable corollary of the criticism of what we did on this matter, namely ask the senators whether they would use it and decide to give the senators what they asked for. At that moment, says Senator Roblin, all of our moral fibre and self-discipline crumbled and we accepted the word of senators.

● (1640)

What we should have done, I assume, is gone back to them and said: "What do you mean you want this? What do you mean you need this? You don't need what we asked you to tell us you needed." We should have gone back and cut the amount more, having cut it already from a substantial six-figure item, which would have only equalized us with the House of Commons. We should have gone back to them and said: "Look, we asked you whether you needed it, but you don't really need it, do you?"

Well, if I had known how Senator Roblin felt I might have said: "Maybe we should do that. Maybe we should go back to all those senators and say, 'you said you needed this but you don't.' " Maybe we should have, but I would not have done that; I would have asked Senator Roblin to do that, as it turned out he eventually did anyway—that is, he told senators that they don't need what they said they needed.

Then there was the question of the move. Well, honourable senators might as well know what happened on that, too. We, the Senate Committee on Internal Economy, Budgets and Administration—and I think Senator Roblin may have been there occasionally when this came up—were reminded very frequently that the accommodation in the Victoria Building for senators was not satisfactory for two basic reasons; services and location.

Senator Turner: And cold feet!

Senator Frith: Cold feet can be found under the subheading "services". Those were the two main reasons. Senators in the Victoria Building, not all of them but many of them, described themselves as second-rate senators because they were not close to the legislative chamber.

An Hon. Senator: Second class.

Senator Frith: Second class. Did I say second rate? Well, they were certainly all first-rate senators but were being relegated to second-class status.

The plan was to upgrade the Victoria Building with the hope, always, that we would not have to have senators located in the Victoria Building. In order to do that the figure put forward was $600,000. It looked as if that was just enough to get the one year's work done to try to get the place upgraded, not, of course, to solve the second problem—and the more important one in some cases—of the location. So, the installation problem was one problem dealt with by the $600,000, but that did not address the distance problem.

We had just about given up, after years of negotiations, trying to get all senators either in the Centre Block or the East Block and we were saying: "Okay. We have to spend money on the Victoria Building; there is no other way." The chairman of the committee, who is also the Speaker of the Senate, had never given up in his attempts to solve this geographic problem. He kept talking to the Department of Public Works, and during the consideration of the $600,000 item, he brought off a coup for which he is genuinely entitled to great credit and thanks from every single senator.

Some Hon. Senators: Hear, hear.

Senator Frith: He is entitled to that not just from senators located in the Victoria Building, but from all of us, because none of us likes the idea of some of our colleagues not being happy over there. So, he is entitled to thanks from every single senator.

The coup he brought off was what? He persuaded the Department of Public Works that when the 1910 wing is vacated in the East Block that space will be made available for senators. Now the question is, when will it be vacated? It probably will not be fully available until next summer or perhaps next spring. So, you can imagine that some senators might have said: "Well, that would be nice, and we thank you, Mr. Chairman of the committee, for doing that, but we are still going to want that $600,000 item until the move is made. We will believe it when we see it. Not that we disagree with you, Mr. Chairman, but that is still a bit of a pig in a poke. We are not sure we will ever get over there although you have done everything you possibly could do."

Is that what we did? That would not have shown the desired level of self-discipline, but still would have been understandable and reasonable. But that is not what we did, and is not what the senators in the Victoria Building did, either. They said: "We will put up with what we have; this $600,000 is too much money. We want to cut this amount. We are prepared to put up with cold feet all winter and put up with a radiator that is liable to burst, because we have put faith in the committee. We have put faith in the committee that the Leader of the Government in the Senate does not. We will chop the budget. We will suffer and we will take money out of the budget. Will we reduce it by a third? No. What we will do is take it all out and ask how much will still be necessary for the fiscal year 1987 to enable the move to be made." Senators have said that they will put up with cold feet all winter because they want to know that there will be enough money to make the move. That is the next item we apparently did not exercise enough self-discipline on.

The last item that the proposer of the motion did not want to expose his flank on—and therefore was not going to deal with as a specific item but did deal with—was what he called the general category of some smaller items. I thought he said $25,000 for coffee. That is great news for the banking creditors of Brazil, I would think. It is great news to know that even the Senate modestly spends $25,000 a year on coffee, and perhaps that is true.

Senator Perrault: That's a lot of coffee!

Senator Frith: If that is so, I wonder whether anyone can see a lot of waste on coffee. Do we waste a lot of coffee here? I do not drink it often enough to know that, but I would be interested in finding that out. I do not think that the coffee item is sufficient reason to warrant not accepting the report of the committee, because it was considered by the committee.

Then he mentioned hospitality. He said that we should cut down on hospitality. I think I know what that figure is, but the implication was that senators should cut down on their hospitality. I did not know that we had a hospitality budget or allowance.

An Hon. Senator: Do we?

Senator Frith: If we do, I have never heard of it. The only senator who has a hospitality budget is the Speaker of the Senate, and I think perhaps the Leader of the Government in the Senate, but I do not know for certain. Obviously he is prepared to simply not use it if he has one. Anyway, if it is the Speaker we are talking about, I do remember an item in the estimates for the Speaker's hospitality. I am sorry to say that I do not know what we did with that item—I have forgotten—but as far as I am concerned, I do not think that the Speaker is extravagant with his hospitality.

Some Hon. Senators: Hear, hear.

Senator Frith: I must admit that while I would say without any hesitation that the Speaker is very generous in his hospitality, I do not use that term in the financial sense. He is generous of spirit with his hospitality.

An Hon. Senator: Of spirits.

Senator Frith: Generous of spirits and generous of nutrition. I do not think it is extravagant and, therefore, I do not think there is any reason to criticize the committee's report and send it back as a result of that.

• (1650)

He then dealt with the problem of computer software and I can understand why the Leader of the Government would be critical of that when we remember that he felt we had lacked moral fibre and spine when it came to the question of OASIS and had not disciplined ourselves sufficiently there.

The last main heading of items in the proposer's speech was the question of comparisons with the House of Commons. Apparently, we came off very badly in this comparison. The self-discipline that we ought to have been exercising has been exercised to the bone on the other side. You will remember that the two major recipients of congratulations and commendations from the proposer of the motion—the two main recipients of his beneficence—were the committees, and he was unstinting in his praise of the committees, but the other main beneficiary in his speech was the House of Commons, the House of Commons that is just living in absolutely Spartan misery in order to bring their budget down and beat the Senate when it comes to reductions.

I have had some checks made on that. In real dollar terms expenditures by the House of Commons have increased by $83.7 million since 1979-80 while Senate expenditures have increased by $15 million. In addition, the difference between the Senate and House of Commons expenditures has almost doubled from $70.4 million in 1979-80 to $139.1 million. That is based on Senator Roblin's own figures. You can see how important it is—and perhaps see the point that I want to make—because when we make comparisons between the Senate and the House of Commons for fiscal 1986-87, we have to know what base we are starting with.

Under this present government, expenditures for the House of Commons—and remember what the spokesman for that government wants this chamber to do—for 1985-86 fiscal year up to the end of September 1985 have increased at a far greater pace than expenditures for the Senate.

In September 1984, for example, the Senate spent $2,005,000. In September 1985 it spent $2,509,000—an increase of

$504,000 or 25 per cent. In September 1984 the House of Commons spent $9,202,000 and exactly one year after the general election the present government spent $12,242,000 which is an increase of $3 million or 33 per cent.

Senator Perrault: Tory restraint!

Senator Frith: I am not even going to get into that because I would like this to remain a question of comparison as between the Senate and the House of Commons. Senator Roblin did not make any comparisons between this government and the past government. He made comparisons between the House of Commons and the Senate and said that the Senate came off second best when it came to disciplining itself in its expenditures. These figures do not really show the true extent of the difference in the rates of growth as between the two houses of Parliament.

For the 1984-85 fiscal year up to the end of September 1984 the House of Commons spent $64,113,000. For the same period 1985-86, it spent $69,982,000 for an increase of $5,869,000 or 9 per cent.

What are the figures for the Senate, that body that we are told is just indulging itself and not restraining itself as is the House of Commons? For the Senate $12.4 million was spent for 1984-85 fiscal year up to the end of September 1984. For the same period in 1985-86, the Senate spent $12.559 million for an increase of $159,000. How does this compare to the House of Commons which, apparently, is setting the example for us? It was a 9 per cent increase for them, as I said. Do you know what it was for the Senate? One per cent. If we are losing on that kind of comparison, it is not a bad way to lose!

These figures show what the present government has done since taking control of the House. There are some other comments here in the notes I made, but I think they are unnecessarily inflammatory. I just leave honourable senators to think what they might be and to remember that, at least in this case, although allegedly not for all the work that I and other senators spent in committee, I exercised some self-discipline.

That really is the last main heading for the reasons given as to why we ought to not accept the report and not accept all the work that was done by this committee but ought to send it back. In effect what we are hearing from the Leader of the Government in the Senate after all this work is, "Nice try, boys and girls, but just go back and do a little better." That is why I think this is an unacceptable motion and it is unfortunate because it ends up, the very first time that we got to a debate, pitting this bipartisan committee and the Leader of the Government in the Senate against each other.

I am sure that this is not deliberate, either, but if you stop and think about what we are facing—and it is too late to turn it back now because the Leader of the Government has made his speech and his motion—he really cannot lose. No matter what happens to this resolution, he wins, and no matter what happens to the resolution the committee loses, because if the resolution is accepted he has rebuked the committee. He has stood there and rebuked this committee for its work by telling it, "Nice try but not good enough." I pictured the Leader of the Government in the Senate, as I said at the end of my observations when we discussed the report, as certainly an adversary in the Senate, but as far as the public is concerned, I like to think of him as a champion of the Senate. I had hoped that he would say, "Well done. I am going to take your work, honourable senators, on both sides of the house, the work of your subcommittee on both sides of the house and the work of the chairman and I am going to go to my cabinet colleagues and say with pride, 'look what we did in the Senate.' " I will say, "This is what we have reduced it to and I want you to know, cabinet colleagues, that I think senators are entitled to more research assistance. They are entitled to some mechanical services equal to that provided to members of the House of Commons, such as OASIS. They are entitled to many of these aids in order to do their jobs better.

• (1700)

The Standing Committee on Internal Economy, Budgets and Administration has worked hard to see that senators are provided with this service, and it has reduced the original figures from almost 15 per cent to some 5 per cent. If you include statutory and extraordinary items—the ones I think we are entitled to, which are minimum additions to help them do their work—the figure is reduced to something in the order of 1 per cent or 2 per cent."

I was hoping that in the speech I would hear something along these lines: "Treasury Board, you are up against a tough opponent if you give us any trouble because I am a champion of the Senate." Instead, no matter what happens, the mover of the motion looks good. If he wins, he has succeeded and people will say that he has taken the committee's work seriously and has cut down even more; if he loses the resolution, he can always say that he tried.

How does the committee stand as a result of this proposal? It cannot win. If we vote against this resolution, we will look like that new breed of person that I had never heard of before, "scientific blinders." We will look like people who have blinded the genuine efforts of the leader. It will appear as though we have blinded him because we have justified our figures. He has said that we will justify our figures and, of course, we will, because that was what our work was all about.

If I succeed in having this resolution defeated, I do not, in effect, win, because I, along with my colleagues on the committee will appear to be people who have not disciplined ourselves. If the resolution is defeated, the committee loses and, I think, the Senate loses. If the resolution carries, the committee and the Senate lose. The only person who will win will be Senator Roblin, and that is why, at the outset, I used the word "unfortunate" in describing this resolution. I am sorry it was ever made; I am sorry it was ever proposed; and I am going to vote against it.

Some Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): Honourable senators—

The Hon. the Speaker: Honourable senators, I must inform the Senate that, if the Honourable Senator Roblin speaks now,

his speech will have the effect of closing the debate on this motion.

Senator Roblin: Honourable senators, I do not intend to retain the chamber long because the Senate was kind enough to afford me the opportunity to express my views at some length yesterday, and I appreciate that; and we have just heard a very careful and, from his point of view, I am sure, well-reasoned statement in opposition to the proposition that I put before this house.

The proposition I put before this house, when you cut through all the argument and the detail which has caused the debate—and perhaps that is necessarily so—was that we can get along next year on 2.5 per cent more than we had this year. That is the fundamental proposition. That is the proposition that I am asking the Senate to consider.

It is perfectly true that I have made certain comments on various items of expenditure as examples of areas where we might consider saving some money, but I knew at the time that, if I were to do so, there would probably be a strenuous defence of every item mentioned. Heaven knows I was not deceived on that point, because I think Senator Frith has convinced himself and his cheering section that everything is perfect in this committee; that there is really no room at all for any further economies; that they have done the best job that human beings could reasonably be expected to do; and that any suggestion that that is not the case comes either from some malign motive on my part to create trouble or is unreasonable in all its aspects. That is exactly the proposition that has been put forward by Senator Frith. He said that the committee is a bipartisan committee which has laboured long and has produced this result; so, we ought to accept it without demur. I am afraid I do not accept that proposition for one second.

I have to say that Senator Doody and Senator Phillips on many occasions in committee opposed proposed expenditures.

Senator Frith: So did many Liberals.

Senator Roblin: That is good. I am glad to hear it. I only wish there were some who would support this motion this afternoon, but I doubt that is the case. My two colleagues, on more occasions than one, struggled manfully to bring this committee to a position where it would agree to reduce its expenditures to less than the 5.1 per cent that is now being requested. There was vigorous dissent in the committee. Everyone knows that we do not often take votes in committees, and if we cannot secure unanimous consent, we simply say that some senators disagree, and we have seen that that is the case.

I want to say to this house that my colleagues performed their duty manfully in trying to produce to this house a figure that is lower than the one we are discussing this afternoon.

If ever I saw my point proved, it was proved this afternoon by Senator Frith. I was foresighted enough and, I think, probably experienced enough to know that if this report were challenged in any particular, someone would stand up and say, "No reductions can be made." He would produce reasons which would be convincing to some, if certainly not to me, as to why that position should be sustained. That is blinding with science. That is an air force expression which I have used many times because I have been experienced with the type of argument presented by Senator Frith on more than one occasion, namely, "This is the figure; I have a thousand reasons why it cannot be changed; it is unalterable; it is the committee's report to this house and we would be a little bit off base if we were to challenge it. It is an insult to the committee." I doubt that the committee really can be insulted that easily. The committee can be asked to reconsider what it has done without feeling insulted. It may not agree and it may not want to do it, but I do not think the committee would challenge my good faith or the propriety of my asking it to reconsider what it is doing to reduce the costs that it brings before us.

The fundamental point I am making, namely, that our expenditures are to be increased by 5.1 per cent or so, and that there is a good possibility that we can do better than that and cut it in half and get it down to what is a more reasonable figure, with respect, was not dealt with. The fundamental point that I am making that these costs can be reduced was not considered in a way which I thought it deserved to be considered, but, rather, we have a stonewalling, an absolute defence; everything is all right.

Then what happens? Then I am accused of some moral lapse because I am going to suggest, in public, if you please, that the Senate ought to consider a matter of this sort; that we should present a common front to "outsiders"—that is the word; that the Senate should not consider matters of this kind as matters of public interest, but something that belongs in the cozy, charmed circle of those 102 men and women who sit here. I do not agree with that. I do not think it indicates disloyalty to this body to say that we can deal with these matters in another way and that we do not have to close ranks and make sure that we do not let "outsiders" know what is going on here or express our views in that way.

Some Hon. Senators: Hear, hear.

Senator Roblin: He goes on to say that I am the winner no matter what happens. He says that if the motion is turned down, I win, and that if the motion is agreed to, I win.

Colleagues, I am not interested in winners and losers in this debate. I am interested in what I consider to be the public interest.

Some Hon. Senators: Hear, hear.

Senator Roblin: That is the issue; it is not a matter of winners and losers in our closed little cozy circle; it is a question of what we think the public interest is and how that public interest can best be served.

Honourable senators, I promised you that I would not speak at any length, nor will I. I conclude what I have to say simply by saying that I believe we can reduce our expenses and that it would not harm the operation of this body or the discharge of its duties if we did so; and that we ought to consider it in the serious and responsible way I have suggested. To suggest that

this is an insult to the Senate, that it is a betrayal of this institution, that it lets "outsiders" in, that it fails to provide a common front against "outsiders" or that there are winners and losers in the sense that was expressed this afternoon are concepts which I utterly reject. I say that if we were to perform our duty properly, we would agree to this motion and give to our committee another chance to look at the matters which are before it. That is what I propose this body should do and, on that basis, I rest my case.

• (1710)

Hon. Gildas L. Molgat: Would the Honourable Senator Roblin permit a question? Did the committee not make substantial reductions in the initial budgetary requests?

Senator Roblin: Am I not the one who told the Senate exactly what it did do? Indeed I did.

The Hon. the Speaker: It is moved by the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Doody:

> That the Estimates of the Senate of Canada for the financial year 1986-87, as approved by the Standing Committee on Internal Economy, Budgets and Administration, tabled in the Senate on 11th December, 1985, be not considered at this time but referred back to that Committee with instructions that it:
>
> (1) reduce, by attrition, the number of persons presently on staff by 2%, from 387 to 379;
>
> (2) conform to the guideline that the increase in the total budgetary Estimates of the Senate for Senator for 1986-87 not exceed the Estimates for the current year by more than 2.5%; and
>
> (3) report back to the Senate before it adjourns for the Christmas recess or as soon as possible.

Those in favour of the motion will please say yea.

Some Hon. Senators: Yea.

The Hon. the Speaker: Those opposed to the motion will please say nay.

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the nays have it.

Motion negatived, on division.

[*Later*]

The Hon. the Speaker: Honourable senators, if no other honourable senator wishes to speak, this order is considered debated.

STANDING RULES AND ORDERS

MOTION FOR ADOPTION OF SIXTH REPORT OF STANDING COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Hicks, for the adoption of the Sixth Report of the Standing Committee on Standing Rules and Orders (Committee Reports), presented in the Senate on 6th November, 1985.—(*Honourable Senator Roblin, P.C.*).

[Senator Roblin.]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will be sending to my friend, Senator Molgat, a copy of an amendment that I intend to move so that he may have a chance to look at it right away, if a page will oblige me. I have another for Senator Godfrey, who I know is also much interested in this issue.

Honourable senators have before them a proposal to amend the rules of the Senate. This proposal suggests that we add to our rules the following clause:

> 78.(3.1) Within 120 days of the presentation of a report from any committee of the Senate, the government shall, upon the request of the committee, table a comprehensive response thereto.

It purports to add a rule to the rules of the Senate, nothing else. It purports to be an instruction that the Senate itself is to observe in the conduct of its proceedings with respect to committee reports. I think it is based on the quite reasonable idea that, when a committee of the Senate reports and in that report there is some matter to which response is required or desired from the government, there should be some means by which we could formalize our request for a statement of government policy with respect to that matter. That idea I by no means disregard as being unreasonable. I think there is a good deal of merit in it. I recognize that the mover of the motion, Senator Molgat, when he introduced the resolution, said that we have got along without this in the past because we have always been able to succeed in having ministers appear before the committees to answer questions or to give statements of policy in respect of issues of this kind. I think that that was an important point. On the other hand, however, he went on to say that he would like to formalize the matter.

Hon. Royce Frith (Deputy Leader of the Opposition): Could the Leader of the Government indicate where in the *Debates of the Senate* this report is to be found?

Senator Roblin: It is to be found in the *Debates of the Senate* of November 6, attached as Appendix C.

Where was I? That is one of the hazards of being interrupted—you get thrown off your pace a little bit. I would not accuse Senator Frith of doing this deliberately; I think he is motivated by a genuine search for knowledge, so I forgive him.

Senator Frith: I have to admit that, on occasion, I would do such a thing deliberately, but I did not in this case.

Senator Roblin: My colleague reminds me that I was finding some merit in the concept. But it is perfectly clear from a casual reading of this resolution that it contains a difficulty; that is, that it purports to instruct the government, because it says, "the government shall" do such-and-such if requested by the Senate. It has been pointed out by the Law Clerk of the Senate that the difficulties of this particular wording are really quite insuperable because, in the way it is written now, it is clearly unconstitutional. The Senate cannot, by resolution or rule or standing order, bind a government to do anything.

Therefore, that word "shall", which purports to bind the government because of its imperative nature, is obviously not the right word to be used. Only an act of Parliament, not a resolution of the Senate, can bind the government.

The Law Clerk, I believe, also informed the committee that not only is it unconstitutional in that sense, but it is *ultra vires*, because rules of procedure only govern the Senate and cannot bind other persons, institutions or third parties. By the very nature of the rules of the Senate it cannot be otherwise.

The Law Clerk made the third point, with which I agree, that not only is it certainly questionable on those two points, but it is unenforceable and that it would be inadvisable for the Senate to draft a rule which is unenforceable and which, if not complied with by the party that it is supposed to govern, certainly would bring no credit to the Senate or to its rules. It will be argued, I am sure, that since the House of Commons did it and the wording proposed by the committee is very similar to theirs, if not identical, why should we not do it? That is a debating point, but I would not accept it, because it seems to me that this is not the House of Commons, this is the Senate. If the House of Commons decides to do something and the government in that chamber accepts it, that is their business. But I do not really see that it means that we should attempt the same thing simply because it was done someplace else.

There is an additional reason, which is that the constitutional position of this body and that of the House of Commons are not the same. This is not a confidence body. We can defeat the government any day of the week that we choose to do so, and it would not make any difference as to who is Prime Minister. That can only be changed by the other place. If the other place, consisting of elected members, decided to use the word "shall" and the government accepted it there, that is their affair. But it seems to me that we should be a little more careful in this house of not attempting to extend our prerogative further than reason and common sense would dictate. Therefore, I have some reason to question the wording of the resolution. I am not questioning what it is trying to do, because I think it is rather good.

I have prepared an amendment which I think expresses the intent of the motions before us but in words that are clearly constitutional; in words that are *intra vires*; in words that are clearly enforceable and which protect the reputation of the Senate with respect to the outreach of its powers and, at the same time, will give us what we want in respect of this response of the government to recommendations which are made in this chamber. The rules of the Senate have, for their purpose, the direction of senators, and not the direction of anyone else. So I have phrased this amendment in language that would clearly involve only the direction of senators, and, at the same time, will help us with our problem. It is as follows—

● (1720)

Senator Frith: Read it slowly.

Senator Roblin: Perhaps the honourable senator could have Senator Godfrey's copy. It reads as follows:

> That the Sixth Report of the Standing Committee on Standing Rules and Orders be not now adopted but that it be amended by striking out all the words after 78(3.1) and substituting therefor the following:
>
> Where a report from a committee makes recommendations that require implementation by the government, the committee may ask the government to respond to such recommendations within 120 days from the date of the request.

That is quite clear. The committee has authority, if it wishes, to request an answer from the government within 120 days. The second clause that I propose shows how it is to be done:

> (3.2) A request by a committee pursuant to subsection (3.1) shall be made in writing to the Leader of the Government in the Senate, shall specify the recommendations to which a response is requested, and shall be tabled in the Senate by the Chairman of the committee.

So that clearly puts the request for information in the hands of whoever happens to be occupying this particular seat in the Senate chamber. But there is a third clause, to make sure that we get some results:

> (3.3) The Leader of the Government in the Senate shall table in the Senate the response of the government.

So there we have all the imperative clauses that bear on the Senate, which is as it should be. But, at the same time, we are placing a moral obligation on the government, through its leader in the Senate, to provide the answer that the Senate requires, and to make sure that the thing is done in a proper senatorial and parliamentary fashion, so that it appears in our records.

It seems to me that it would meet the point that Senator Molgat and Senator Godfrey are trying to promote, and, at the same time, would provide a more traditional and appropriate wording in order to achieve the results they want.

Hon. Allan J. MacEachen (Leader of the Opposition): May I ask the Leader of the Government a question? I understood him to say that the Law Clerk had advised that a resolution of the Senate would not bind the government. Did the Law Clerk make any judgment as to whether a resolution of the House of Commons would bind the government? I personally would take the view that a resolution of the House of Commons, in circumstances similar to this, does not bind the government in any way. Perhaps the Law Clerk has a different view. Having rendered that advice, I presume that the Law Clerk went on to advise that it would be appropriate to bind the Leader of the Government in the Senate to take certain actions. I would take the view that if we cannot bind the government, we cannot bind the Leader of the Government in the Senate to take any action of that kind; that it is a recommendation.

I go back to what the Law Clerk has said, that, in his view, a resolution of the Senate does not bind the government. What would his view be about the resolution we passed the other day creating an honorary citizen? Was that a superfluous act that

has no possible impact on the government? I find that it opens up many questions.

I presume we could take the view that the resolution jointly passed by the House of Commons and the Senate with respect to the honorary citizen could not bind the government either, because it was a resolution and not an amendment to a bill. I find it an interesting area and wonder whether anything has been achieved in changing the motion, which is not binding, in any event; and if we cannot bind the government to do anything, how can we bind the Leader of the Government in the Senate, who is a member of the government and shares the collective responsibility?

Senator Roblin: My honourable friend has raised a set of issues which leads us into a very murky area—and I am the first to admit it. With respect to a resolution by private members—and here my opinion is worth precisely what my honourable friend is going to pay for it, and that is nothing—it would not, technically speaking, bind the government; but, as my honourable friend knows, I have undertaken to find out for him what attitude the government is taking toward it. So that point will be covered in due course. But as to the legal situation, I regard it, as does my friend, as a murky one. It may very well be that the resolution I have proposed is not satisfactory in all respects. I would not really like to say that I have acquired such a grip of legal knowledge that I would like to defend it à outrance. I would not. But I think that the whole question of the use of "shall" in connection with Senate resolutions is not satisfactorily resolved in the original motion. It may not be satisfactorily resolved in the amendment; but I would like it to be reconsidered in that light to see whether it is satisfactory, and, if not, whether we can improve it. I have no pride of authorship in this whatsoever.

As for the position of the Law Clerk of the Senate, he gave his opinion to the committee. They evidently did not think that much of it, because they did not adopt it—and they may have had a good reason. But it seems to me that the subject is well worth pursuing in depth to see whether we can clarify it. If my particular wording is not satisfactory—it may have defects in it—I am quite willing to consider any reasonable changes that might be made. But I would really like the committee to take another look at this question, to see what the best wording would be. Theirs may not be acceptable to me and mine may not be acceptable to them; but maybe there is some common ground we could reach and from which we can formulate a wording that is more suitable.

Hon. Gildas L. Molgat: May I rise on a point of order? The motion as proposed would simply amend the report of the committee. As we can see from the discussion so far there are different points of view and there are some other aspects to be considered. It might suit the purposes of the Senate if this motion were amended by the mover to suggest that the report be referred back to committee. The amendment could be debated here to obtain the views of honourable senators, and, when that debate is concluded, the report would go back to committee and the committee could discuss it further.

[Senator MacEachen.]

Senator Roblin: I believe my honourable friend has made a good suggestion. That is really what I want done. If I had the consent of the chamber to do so, I would adopt it.

Hon. Senators: Agreed.

The Hon. the Speaker: Will the Leader of the Government then withdraw his motion?

Senator Roblin: Your Honour, I believe I have leave to substitute for it different wording, which, in conjunction with Senator Molgat, I will be glad to give to the Clerk.

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

Hon. Senators: Agreed.

Senator Frith: Why not stand it until tomorrow and come in with a new version?

Senator Molgat: As I understand it, the matter will now stand until tomorrow. If not, I was going to suggest that it might be adjourned in the name of Senator Godfrey, so that he may have an opportunity to speak, and it would not, at this stage, be concluded.

• (1730)

Senator Roblin: What I would prefer is to have honourable senators agree to standing the order, and then Senator Molgat and I could work out the proper wording. Then, if I have leave, I could substitute that wording.

Senator Frith: And then Senator Godfrey could speak to it.

Senator Roblin: Agreed.

On motion of Senator Roblin, debate adjourned.

PARLIAMENT BUILDINGS

CENTRE BLOCK—REMOVAL OF PORTRAITS OF BRITISH PRIME MINISTERS—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Hicks, calling the attention of the Senate to the removal of the portraits of former British Prime Ministers from the sixth floor of the Centre Block of the Parliament Buildings.—(*Honourable Senator Walker, P.C.*).

Hon. David Walker: Honourable senators, I withdraw.

Hon. C. William Doody (Deputy Leader of the Government): Then perhaps the order should stand in the name of Senator Hicks.

Order stands in name of Senator Hicks.

INTER-PARLIAMENTARY UNION

SEVENTY-FOURTH ANNUAL CONFERENCE, OTTAWA, AND SPRING CONFERENCE, LOMÉ, TOGO—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Bosa calling the attention of the Senate to the

Seventy-fourth Conference of the Inter-Parliamentary Union which was hosted by Canada in Ottawa from 2nd to 7th September, 1985, as well as to the spring Conference which took place in Lomè, Togo, from 25th to 30th March, 1985.—(*Honourable Senator Corbin*).

Hon. Eymard G. Corbin: Honourable senators, I rise at this time on a point of order. I am prepared to proceed, but having regard to the clock, I suspect that I will not have time to deliver the comments that I wish to deliver in one sustained breath with your undivided attention, so I would ask that we stand the order until the next sitting of the Senate.

Order stands.

BUSINESS OF THE SENATE

RAOUL WALLENBERG—RESOLUTION APPROVING CONFERRING OF HONORARY CANADIAN CITIZENSHIP—MOTION RE SECOND DISTINCT SITTING STANDS

On the calling of Senator MacEachen's motion:

That the events of December 10, 1985, relating to the Second Distinct Sitting were irregular and unacceptable and are not to be considered as a valid precedent.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I would like to proceed with this motion today. I understand that Senator Flynn has a point of order, and we might, at least, attempt to understand the point of order and possibly deal with it before 6 o'clock.

Hon. Jacques Flynn: Honourable senators, Senator Frith and I have had discussions about the possibility of changing the wording of the motion in a way that would alleviate the objections that I have, which I would raise by way of a point of order. If there is agreement to what I am about to sugggest, I would withdraw my objection. I think that what Senator MacEachen had in mind was to say that the recall of the Senate on December 10 should not be considered as a valid precedent, or something to that effect. I do not know what the Leader of the Government thinks, but it seems to me that we would have no objection to a motion of that type, if we say that that which occurred on December 10 could not be repeated, on the basis that it is not a valid precedent. If that is agreeable to Senator MacEachen, perhaps we could amend the motion to read in this fashion: "That the recall of the Senate on December 10 should not be considered as a valid precedent." If we use that wording or a similar wording, I would withdraw my objection.

Senator MacEachen: Honourable senators, Senator Frith has kept me informed about the discussions held with Senator Flynn. I understand the suggestion; namely, that we would agree not to regard the events of December 10 as a valid precedent. The wording of this motion is quite general in that it refers to the events relating to the Second Distinct Sitting. It is a general statement and not focused on any particular point. For example, if one put in the motion that the recall of the Senate does not constitute a valid precedent, it would focus and pinpoint the source of the difficulty and, in a sense, constitute a criticism of possibly one or several persons, which I wish to avoid in the motion for reasons which will be evident. However, I wanted to put on the record that the events surrounding that sitting were irregular and that, therefore, it should not be considered a valid precedent.

I am prepared, because of the reasons which Senator Flynn indicated through Senator Frith, to withdraw the word "unacceptable". If that is agreeable, we could say that the events leading up were irregular and, therefore, it does not constitute a valid precedent. I would like to dispose of the matter quickly and, therefore, I would like Senator Flynn to consider my proposal, that having dropped the word "unacceptable" and not focusing on any precise element of flawed procedure, it becomes a general statement and does not constitute a criticism. If we said that the recall of the Senate does not constitute a valid precedent, it is a criticism and it pinpoints the criticism in a direction in which I do not wish it to go at the moment.

Hon. Duff Roblin (Leader of the Government): If my honourable friend would consider the use of the word "unusual" rather than "irregular" we may have a meeting of minds.

Hon. Heath Macquarrie: Honourable senators, I hate to infuse what might be a personal matter, but if the events preceeding what we are now discussing are adverting to my not granting unanimous consent, I would have to take considerable umbrage at either the expression "irregular" or "unacceptable".

Senator MacEachen: Honourable senators, I would like to clarify the situation for the benefit of my friend, Senator Macquarrie. The action taken by the honourable senator was never intended to be referred to, either directly or indirectly, in the motion.

Hon. Royce Frith (Deputy Leader of the Opposition): It was not an event leading to the recall. It was perfectly legitimate to refuse unanimous consent.

• (1740)

Senator Flynn: If I read the motion correctly, I thought that you had added enough for it not to be considered as a valid precedent. Of course, it is a criticism of the way that the Senate was recalled, but it merely says that you do not wish this to be taken as a way of doing it again. That is merely what you are saying when you say, ". . . and are not to be considered as a valid precedent."

However, if you use the word "unacceptable", there is an implied criticism not only of certain persons but a criticism of the decision of the Senate itself on that very occasion. It could apply to the resolution passed on that occasion; it could apply to the unanimous consent that was given to proceed. In other words, this is really a criticism, not only of certain persons but the Senate itself, whereas if you say:

The recall of the Senate for the second sitting on December 10 should not be considered as a valid precedent . . .

It means only that you are not invoking this occasion as a precedent to recall the Senate again in similar circumstances.

In that case, I think nobody would really have any problem with it, and I think it would meet the purpose that the Leader of the Opposition has in mind.

Senator MacEachen: I understand what Senator Flynn is saying, but if we do state that it should not be considered as a valid precedent, surely we should give at least a slight clue as to why the Senate has come to that conclusion, and that is why the word "irregular" should be retained. You can word it whichever way you wish, but really the substance is that the Senate is stating that it is not a valid precedent, because the events leading up to the Second Distinct Session were irregular. I put it generally and vaguely, and I think that is reasonable, having withdrawn the word "unacceptable", which is somewhat pejorative. "Irregular" is a procedural statement which illuminates the reason why we do not regard this as a valid precedent.

Senator Flynn: In any event, by using the word "irregular", you are blaming the Senate itself for agreeing to proceed on that very occasion. I think what the Leader of the Opposition does not want is for someone to say: "We did it this way on a given occasion, so we can do it again." That is the only real problem you have, and therefore once you have said: "This way of recalling the Senate should not be used in the future to do it again," you should leave it at that. You really win your point with respect to the only part that is valid for the future by this modification.

However, the moment you use the word "irregular" and/or "unacceptable", there is formal criticism of the Senate and of the person who was responsible under the circumstances. In other words, you say, "You did it on that occasion; fine, but please tell me that you will not use this method to do it again." That is what you are saying.

Senator MacEachen: We are not reflecting on a decision of the Senate itself—

Senator Flynn: We are, in a way, because of the words you have used.

Senator MacEachen: We are not reflecting on the motion which was adopted; we are not reflecting upon the fact that the Senate moved to a particular Order of the Day by unanimous consent. We are saying that the events leading up to the Second Distinct Sitting were irregular and therefore should not constitute a valid precedent. However, I am not prepared to say, as Senator Flynn has just suggested, that it was all right. That is what he has just said; that we should say, "This is all right, but we will not do it again." It was not all right and we must state it was not all right.

Senator Frith: It seems to me, listening to the exchange, that where we stand is the way Senator MacEachen just put it. Obviously we have a lot in common on this motion. It is quite clear from the exchange that we have a common objective. However, where we differ is in the way in which we word it, and that is what we are talking about. It seems to me that the area of difference between us is that we want the motion to say that there was something wrong about it; that it was not right; that it was irregular. We are not saying that it was contemptible or any word of that kind. We have taken out the word "unacceptable" which serves two purposes: First, it does take some of the rhetoric out of it, and, second, it partly meets Senator Flynn's point that it seems contradictory to say that something that you accepted to do is unacceptable. However, that does not touch on the point of saying that that method of recall—and most of the interventions made this point—was irregular under rule 14A.

Therefore if we are going to word it in any way that says it is all right but never do it again, or any form of that kind, that is where we differ. However, we feel that we must make the point that, if it is not to be a valid precedent, we should also make the point that it was irregular.

The Hon. the Speaker: Honourable senators, I draw the attention of the Senate to rule 12:

> If, at six o'clock in the afternoon, the business be not concluded, the Speaker or the chairman of the committee leaves the Chair until eight o'clock—

Is it your wish, honourable senators, to ignore the clock?

Senator Frith: Perhaps we should ignore it until we have disposed of this item.

Hon. Duff Roblin (Leader of the Government): I think we could ignore the clock for a few minutes, Mr. Speaker and honourable senators, provided that, after we finish this discussion, that will be the end of the day and we need not come back at 8 o'clock.

The word "irregular" causes a problem. I think that I support Senator Flynn's contention that that necessarily has to be a reflection that may be out of order. I think the word "unusual" is not, because I am quite prepared to admit that it was an unusual activity that we indulged in. I would not consider that any action of mine was condoned by the Leader of the Opposition if he uses the word "unusual", instead of "irregular". I think that the tone of the word "unusual" is not offensive to the Senate as such—and it is certainly not offensive to me. I do not think it would give rise to a point of order.

However, the other word "irregular" is frankly difficult to accept. If my honourable friend wishes to say that he did not like what happened, he may have more company than he expects, but the word "unusual", I think, does adequately describe the situation, and if that word could be placed in the resolution, it would ease things a great deal.

Senator Frith: An additional aspect of the problem is that we are assuming that we cannot reflect on any procedure that a senator might feel is irregular. For example, if we worded it in a way that dealt directly with the question of recall, namely that the recall was irregular, that does not amount to a criticism of the Senate; that reflects on the decision of the Speaker, and of course in the Senate there is nothing to prevent the Senate reflecting on a decision of the Speaker. In fact, when the Speaker makes a decision on a ruling, it is sometimes appealed.

The point is that if we are going to insist on focusing our criticism on the recall, then it amounts to a reflection on the Speaker's decision to issue the recall. That is a reflection we do

not want to make, but it is quite acceptable in terms of a regular proceeding because we do that if we appeal the Speaker's decisions. We do not want to do that, but if we can say that "the events were irregular," then we will not focus on that.

Senator Flynn: That is worse.

Senator Frith: It depends on what you mean by the word "worse"; it may reflect on something that was done in the Senate as distinct from a decision of the Senate. The events leading to the recall were not a decision of the Senate. They simply were not a decision of the Senate. The Senate did not decide on the recall; the fact is that the government and the Speaker decided on the recall, and there is nothing unacceptable about that reflection.

If we can find a word between "irregular" and "unusual", obviously we are home.

Senator Roblin: What about "abnormal"? Would that make you feel any better?

Senator MacEachen: The words "abnormal" and "unusual" have no procedural significance. We are talking about a procedural matter. To say it is "unusual" or "abnormal"—unusual things happen regularly. We are talking about an irregularity.

Senator Macquarrie: Honourable senators, since there is an invitation for more precision in the motion, I submit with all due respect that, as I see it, there are worse troubles than what we are talking about. The motion states:

> That the events of December 10, 1985, relating to the Second Distinct Sitting—

That is an enormously broad sweep. I am convinced that this matter of the "Second Distinct Sitting", while it may be lost in the memory of some of us here—and already lost, if it ever was important, to the press—will, for those who care for parliamentary procedure, become very important. I think we should be precise and careful.

You could not possibly, in rational dialogue, exculpate what went on during the First Distinct Sitting from those events which led to the Second Distinct Sitting. You are embracing many things that might not easily be contained in a short debate, certainly not before it becomes really six o'clock.

Senator Frith: We are still on the point of order.

Senator Flynn: Yes. We are discussing the possibility of finding acceptable wording.

Senator Frith: The item we are dealing with now is the point of order, and we are trying to find a solution to the point of order. I just want to know where we are so that we know what we are adjourning. I am not arguing the point. I want to know what it is we will be adjourning, unless Senator MacEachen does not agree to an adjournment, since it is his motion. I suggest that we adjourn.

Senator Flynn: We can postpone making a decision on this until tomorrow.

Senator MacEachen: We now have a procedural argument as to the admissibility of the motion. Presumably Senator Flynn is arguing that this motion is not admissible under the rules of the Senate. I would argue vigorously against that.

Senator Flynn: I know you will.

Senator MacEachen: But at a certain point any member of the Senate is permitted to have a decision taken on an admissible motion. I suggest that this is an admissible motion under the rules of the Senate and cannot be ruled out of order.

I am quite prepared to find a solution, but not a solution which attempts to whitewash a very acutely embarrassing incident that we would all like to forget, but which, unfortunately, happened.

We had a very vigorous debate on that, and anyone who reads the debate will know why this motion makes sense.

If you want to hold off the procedural point until tomorrow, I am quite prepared to agree to that. I am ready to try to find a common solution, if possible, but at a certain point we may differ and then we will have to deal with the motion.

Senator Flynn: Fine.

Motion stands.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 1751)

REDISTRIBUTION AFTER CENSUS OF/REDISTRIBUTION APRÈS LE RECENSEMENT DE 1981

PROVINCE OR TERRITORY/ PROVINCE OU TERRITOIRE	1981 POPULATION 1981	% TOTAL DE POPULATION % OF TOTAL POPULATION (A)	FORMULA PRESENTLY IN THE ACT / FORMULE DANS LA LÉGISLATION ACTUELLEMENT EN VIGUEUR				PROPOSED FORMULA IN THE BILL / FORMULE PROPOSÉE DANS LE PROJET DE LOI			
			SEATS/ SIEGES	% OF SEATS/ % DE SIEGES (B)	DIFFERENCE BETWEEN A AND B/ DIFFERENCE ENTRE A ET B	POPULATION BY RIDING/ POPULATION PAR CIRCONSCRIPTION	SEATS/ SIEGES	% OF SEATS/ % DE SIEGES (C)	DIFFERENCE BETWEEN A AND C/ DIFFERENCE ENTRE A ET C	POPULATION BY RIDING/ POPULATION PAR CIRCONSCRIPTION
B.C./C.-B.	2,744,467	11.3	33	10.6	-0.7	83,165	32	10.8	-0.5	85,764
Alberta	2,237,724	8.9	27	8.7	-0.2	82,878	26	8.8	-0.1	86,066
Saskatchewan	968,313	3.9	14	4.5	+0.6	69,165	14	4.8	+0.9	69,165
Manitoba	1,026,241	4.2	15	4.8	+0.6	68,416	14	4.8	+0.7	73,303
Ontario	8,625,107	35.4	105	33.8	-1.6	82,144	99	33.7	-1.7	87,122
Quebec	6,438,403	26.4	79	25.5	-0.9	81,499	75	25.4	-1.0	85,845
N.B./N.B.	696,403	2.8	10	3.2	+0.4	69,640	10	3.4	+0.6	69,640
N.S./N.E.	847,442	3.4	12	3.9	+0.5	70,620	11	3.7	+0.3	77,040
P.E.I./I.P.E	2 122,506	0.4	4	1.4	+1.0	30,627	4	1.4	+1.0	30,627
Nfld./T.-N.	567,681	2.3	8	2.4	+0.1	70,960	7	2.4	+0.1	81,097
Yukon	23,153	0.09	1	0.3	+0.21	23,153	1	0.3	+0.21	23,153
N.W.T./T.N.O.	45,741	0.2	2	0.7	+0.5	22,870	2	0.7	+0.5	22,870
TOTAL	24,343,181	—	310	—	—		295	—	—	—

REDISTRIBUTION AFTER CENSUS OF/REDISTRIBUTION APRÈS LE RECENSEMENT DE 1991

PROVINCE OR TERRITORY/ PROVINCE OU TERRITOIRE	1991 POPULATION 1991	% TOTAL DE POPULATION % OF TOTAL POPULATION (A)	FORMULA PRESENTLY IN THE ACT / FORMULE DANS LA LÉGISLATION ACTUELLEMENT EN VIGUEUR				PROPOSED FORMULA IN THE BILL / FORMULE PROPOSÉE DANS LE PROJET DE LOI			
			SEATS/ SIEGES	% OF SEATS/ % DE SIEGES (B)	DIFFERENCE BETWEEN A AND B/ DIFFERENCE ENTRE A ET B	POPULATION BY RIDING/ POPULATION PAR CIRCONSCRIPTION	SEATS/ SIEGES	% OF SEATS/ % DE SIEGES (C)	DIFFERENCE BETWEEN A AND C/ DIFFERENCE ENTRE A ET C	POPULATION BY RIDING/ POPULATION PAR CIRCONSCRIPTION
B.C./C.-B.	3,091,200	11.6	38	11.0	-0.6	81,347	32	10.8	-0.8	96,600
Alberta	2,373,800	8.9	29	8.9	-0.4	81,855	25	8.4	-0.5	94,952
Saskatchewan	1,095,300	4.1	16	4.6	+0.5	68,456	14	4.7	+0.6	78,235
Manitoba	1,122,900	4.2	17	5.0	+0.8	66,052	14	4.7	+0.5	80,207
Ontario	9,627,400	36.1	118	34.4	-1.7	81,588	101	34.1	-2.0	95,320
Quebec	6,786,100	25.5	83	24.1	-1.4	81,760	75	25.3	-0.2	90,481
N.B./N.B.	757,900	2.8	11	3.2	+0.4	68,900	10	3.4	+0.6	75,790
N.S./N.E.	911,000	3.4	14	4.0	+0.4	65,071	11	3.7	+0.3	82,818
P.E.I./I.P.E	132,900	0.4	4	1.2	+0.8	33,229	4	1.4	+1.0	33,229
Nfld./T.-N.	638,900	2.4	10	2.9	+0.5	63,890	7	2.3	-0.1	91,271
Yukon	22,000	0.08	1	0.3	0.22	22,000	1	0.3	+0.2	22,000
N.W.T./T.N.O.	53,400	0.2	2	0.6	+0.4	26,700	2	0.7	+0.5	26,700
TOTAL	26,612,900	—	343	—	—	—	296	—	—	—

REDISTRIBUTION AFTER CENSUS OF/REDISTRIBUTION APRÈS LE RECENSEMENT DE 2001

PROVINCE OR TERRITORY/ PROVINCE OU TERRITOIRE	2001 POPULATION 2001	% TOTAL DE POPULATION % OF TOTAL POPULATION (A)	FORMULA PRESENTLY IN THE ACT FORMULE DANS LA LÉGISLATION ACTUELLEMENT EN VIGUEUR				PROPOSED FORMULA IN THE BILL FORMULE PROPOSÉE DANS LE PROJET DE LOI			
			SEATS/ SIEGES	% OF SEATS/ % DE SIEGES (B)	DIFFERENCE BETWEEN A AND B/ DIFFERENCE ENTRE A ET B	POPULATION BY RIDING/ POPULATION PAR CIRCONSCRIPTION	SEATS/ SIEGES	% OF SEATS/ % DE SIEGES (C)	DIFFERENCE BETWEEN A AND C/ DIFFERENCE ENTRE A ET C	POPULATION BY RIDING/ POPULATION PAR CIRCONSCRIPTION
B.C./C.-B.	3,253,800	11.7	41	11.1	-0.6	79,360	33	11.1	-0.6	98,600
Alberta	2,514,400	9.0	32	8.6	-0.4	78,575	25	8.4	-0.6	100,576
Saskatchewan	1,182,200	4.3	18	4.9	+0.6	65,677	14	4.7	+0.4	84,442
Manitoba	1,135,100	4.1	18	4.9	+0.8	63,061	14	4.7	+0.5	81,078
Ontario	10,160,800	36.5	128	34.7	-1.8	79,381	102	34.3	-2.2	99,615
Quebec	6,903,600	24.8	87	23.5	-1.3	79,351	75	25.2	+0.4	92,048
N.B./N.B.	801,700	2.9	12	3.3	+0.4	66,808	10	3.4	+0.5	80,170
N.S./N.E.	943,000	3.4	15	4.1	+0.7	62,866	11	3.7	+0.3	85,727
P.E.I./I.P.E	143,000	0.5	4	1.1	+0.6	35,875	4	1.3	+0.8	35,875
Nfld./T.-N.	698,000	2.5	11	3.0	+0.5	63,454	7	2.4	-0.1	99,714
Yukon	26,500	0.1	1	0.3	+0.2	26,500	1	0.3	+0.2	26,500
N.W.T./T.N.O.	53,800	0.2	2	0.5	+0.5	26,900	2	0.7	+0.5	26,900
TOTAL	27,816,400	—	369	—	—	—	298	—	—	—

THE SENATE

Thursday, December 19, 1985

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

Prayers.

FINANCIAL INSTITUTIONS DEPOSITORS COMPENSATION

CONSIDERATION OF REPORT OF BANKING, TRADE & COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-79—DEBATE ADJOURNED

Hon. Lowell Murray: Honourable senators, I have the honour to table the thirteenth report of the Standing Senate Committee on Banking, Trade and Commerce respecting the subject matter of Bill C-79, an act respecting the provision of compensation to depositors of Canadian Commercial Bank, CCB Mortgage Investment Corporation and Northland Bank in respect of uninsured deposits.

With leave of the Senate, I move that this report be taken into consideration now.

Honourable senators, if leave is granted, it is not my intention to make an opening statement, but rather to yield to Senator Sinclair who has some observations to make and who is under some time constraints.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, before we agree to deal with this report now—which, generally speaking, I think is a good idea—I wish to ask the Deputy Leader of the Government to tell us about this and other legislation.

Bill C-79, as I understand it, is now of some importance to the government's agenda. I also understand that it was reported back to the House of Commons on November 7, but has not received much debate over there. In fact, it was brought forward for 15 minutes' debate on a Friday afternoon approximately three weeks ago. Since then there has been no debate on this legislation in the House of Commons.

Could we have some idea when we will receive Bill C-79, and while answering that, perhaps the Deputy Leader of the Government could tell us what chance there is of receiving any other legislation today, tomorrow, next—well, let's leave it at today or tomorrow.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I can only say that the House of Commons, like this body, decides its own schedule. I am sure that the members of the government side of the House of Commons would have been delighted to see Bill C-79 passed some time ago. That has not happened. Just how much time the House of Commons debated the bill may very well be the amount of time my honourable friend has alleged, but certainly it was before a committee of the House of Commons for a substantial period of time. I, like all other senators, would have liked to see the bill before the Senate earlier than today.

I cannot say that it will be referred to the Senate this evening or tomorrow. I know the government would like the Senate to have the bill before it this evening or tomorrow—preferably yesterday. That has not happened. I can only say that it well behooves us to be here. The bill is on the way. The government has announced its intention to get the bill out as quickly as it can. I suppose that if the members of the opposition in the other place want to keep it in the House of Commons, they can. That is the way the system works; they will use every ploy they can to exercise their rights in the House of Commons.

I can only say that it will be before the Senate as quickly as the government can get it here. Whether that will be today or tomorrow I cannot guarantee at all.

Senator Frith: In the course of his remarks the Deputy Leader of the Government said that "it well behooves us to be here." Do I understand that he thinks it behooves the members of the Senate to be here so long as there exists a possibility no greater than the one he has just described? Does he think that we should be here waiting for Bill C-79, bearing in mind his words, "that the House of Commons decides its own schedule"? Is there nothing more concrete than that? Has he been given any indication from his colleagues in the other place that it will be referred to the Senate? It is not under debate.

The House of Commons is, I believe, debating time allocation on Bill C-70, respecting family allowances. Is there time allocation on this bill? Does it behoove us to be here if there is only a possibility that the bill might come?

Senator Doody: The only mistake I made in my earlier remarks was the use of the word "behooves"; I had not realized how archaic it is until I heard it bouncing back. That was a terrible choice, and I apologize for using it. It is archaic and should not have been used.

I think that as a legislative body appointed to attain a holding pattern, as it were, for some legislation, to be a body of sober second thought, it is our duty to be present to look at the legislation that is passed by the elected body.

Senator Frith: Agreed, as passed by the other place.

Senator Doody: That is right. As long as we have been told by the government that they want the House of Commons to pass legislation, I believe that is our duty to be here to look at it and do what we can for it. If that legislation is on its way,

and we are told that it is, then I think we should be here. Obviously, some honourable senators disagree with that and I am not surprised.

Senator Frith: I just want to understand what the government leader's view is respecting our duty.

Senator Doody: Whose view?

Senator Frith: Yours.

Senator Doody: My view is—

Senator Frith: Just to make it clear—

Senator Doody: I yield the floor to you.

Senator Frith: I will yield the floor to you immediately.

Senator Doody: That is fine. I will sit down. I know the rules.

Senator Frith: I want to clarify what we are asking. We have heard from the Deputy Leader of the Government that we have some duty that is archaically expressed as something that "behooves" us, and I am getting the impression that he sees the Senate, to use his expression, in a "holding pattern," or to use another archaic expression that we are sort of ladies and gentlemen in waiting and it is our duty to be here waiting respectfully, or to bring it more up to date, flying around the airport in some holding pattern waiting for advice that something is on the way. Of course, all legislation once it gets first reading is, in a sense, on the way—it is launched. The minute it gets first reading in the other place it is launched. So long as there is legislation in the other place that has been given first reading and is "on its way," are we meant to be ladies and gentlemen in waiting waiting respectfully for the House of Commons to get on with its job of passing the legislation? Would it not be more reasonable to say, "I, as Deputy Leader of the Government, am able to say that there is legislation that by all indications will receive third reading tomorrow or Monday or Friday or whenever"? It seems to me there is a big gap between legislation that "is on its way" and legislation that we are realistically anticipating receiving.

Senator Doody: There are several areas that Senator Frith mentioned which are worthy of comment. One of them is the display of humility from Senator Frith which none of us has seen before—the hand and the bow and so on—and I am very appreciative of that.

Senator Frith: I did not think that was our role; I thought that was what you were saying our role is.

Senator Doody: I certainly hope that the national press gets a look at that because it is a first and is very welcome, and I thank the honourable gentleman.

Senator Petten: What national press?

Senator Frith: They are up there.

Senator Doody: Do you want me to have another run at that because it just might happen—

Hon. Senators: Hear, hear.

Senator Doody: —and don't tell me you wouldn't like it.

[Senator Doody.]

The other side of that coin is the role of the Senate. I can only tell you what I think we should be doing at this point. We should be prepared to receive this legislation which we have been told by the government will be here within the next day or so. Beyond that I cannot say. I would love to be able to tell honourable senators that it will be here within the next 15 minutes and we can all look at it very assiduously, apply all the sober second thoughts that we can focus on it at this point and perhaps pass most of it, or some of it, and be on our way. But I cannot do that because I do not have that much control over what goes on in the other place. Perhaps it is a pity that I don't because we could speed things up considerably.

Some Hon. Senators: Hear, hear.

Senator Doody: The situation is as it is and I can only describe it. I thank honourable senators for their attention.

Senator Frith: I understand that the position of the government is that the Senate should be here for legislation that we can be assured is on its way within the next day or so. If "day or so" means day or two, then I agree with him.

Senator Doody: How the honourable senator wants to interpret the words "day or so" is his business. I have listened to debates about the word "soon" in this place and there have been some difficulties with it. I can only say that we are doing our best to speed the other place along its appointed course. It is to be hoped that their schedule will fall in with ours and, if so, then all of us will go home speedily and happily. Let us just hope that things proceed. We are pretty open at this point, and I thank honourable senators once again for their tolerance.

Senator Frith: We really believe you are doing your best, and that is what worries us.

Senator Doody: Thank you.

Hon. Ian Sinclair: Honourable senators—

Hon. Senators: Hear, hear,

Senator Sinclair: Honourable senators, I gather this is an unusual day. Before we talk about the report, honourable senators, I should like to draw your attention to the fact that I observed the chairman of the Standing Senate Committee on Banking, Trade and Commerce for the many hours that he presided over the consideration of the subject matter of Bill C-79 and I would like you to know that I have seen chairmen operate in many instances and that, in my opinion, he did an absolutely first-class job.

Some Hon. Senators: Hear, hear.

Some Hon. Senators: But—?

Senator Frith: Enjoy it while you can.

Senator Sinclair: However, he had a difficult task because he had to deal with something that was most unusual. Indeed, how unusual it is is easily ascertained when we see that the short title of this bill states:

> This Act may be cited as the *Financial Institutions Depositors Compensation Act*.

A similar bill is not to be found in the index of Canadian statutes.

Furthermore, if you turn to clause 16 of the bill, you will get another shock because there it states:

> There is hereby appropriated, for the purposes of this Act eight hundred and seventy-five million dollars to be paid out of the Consolidated Revenue Fund from time to time as required.

Honourable senators, why would the subject matter of such an unusual bill require the attention of this chamber? Someone said that it was caused by a unique situation. What was unique about it? The uniqueness of it was that in the middle of March a situation arose which resulted in a tragic mistake being made; a mistake that is going to cost $1 billion. Few people are ever in the position of making a mistake of that magnitude.

What caused that ill-fated decision to be made in March? It was made after consultation with people in the highest offices of our government. According to the evidence, we have been told that the Prime Minister was consulted. Of course, since this matter deals with banks, the Department of Finance was fully involved. These people reached a conclusion, and that conclusion was that the CCB should not be allowed to go under but that a rescue package would have to be put together to make the continued operation of the CCB possible. As this report on the subject matter indicates, the Minister of State (Finance) said that the decision was made, and I quote, "on the best information available at the time."

● (1410)

Honourable senators, I do not think that anyone would claim that the government did not have the right to make that decision. That is what the government is there for. It had the right to make the decision either to liquidate the bank or to rescue it. I think we must turn our minds to the consequences of the decision that was taken and the reason why it was taken. I do not accept the view that, on the best information available, the decision to rescue the bank was the proper one. Contrary to the position adopted by the Minister of State (Finance), I do not think that the only person who can come to that conclusion—that is, that it was not the right decision—is exercising hindsight. I think, honourable senators, that all Canadians have the right to expect that the ministers should be capable of prudent foresight, based on their knowledge, experience and ability to determine economic flows within Canada.

The decision was made in the light of the largest and deepest recession that the country had experienced in some 50 years, a recession that had particular impact in western Canada. The Minister of State (Finance) has often reminded all who will listen of her great familiarity with that part of the country because of the years she has lived there and worked there. She also likes to remind all who will listen of her experience in financial markets. So she was particularly attuned to the problems of western Canada, especially those of British Columbia and Alberta, where the CCB and the Northland were, for the most part, operating. After a little get-together on the weekend, the major banks were called in. I was somewhat amused, while reading the testimony of the governor, when he said that he asked the representatives of these major banks whether they thought the bank should be saved. He did so, not telling them what it was going to cost—not telling them anything except that the bank was in trouble. He asked them whether they, as bankers, thought it should be saved. Any response other than a "yes" would be startling.

In any event, the governor took that to mean that they were in agreement to working out a package. However, all experienced people—particularly those in the Department of Finance and their advisers—must have known that, once a rescue package or support package was announced, a domino effect was bound to take place. All regional banks, all small banks, would immediately become suspect. They must have known that. So, knowing that—and that being easily ascertained and available—they had to be certain that the rescue package was adequate, complete, and one that had a very high likelihood of being successful. Of course, it was not successful. It was not successful many times over. It was not successful because warning signals which had been flown were ignored, because the government did not exercise the authority vested in it under the existing legislation. It ignored its own knowledge of the situation in western Canada. It should have been warned, particularly when bankers said, "We want, as a condition precedent to our putting up the money, an assurance in writing, signed by the Inspector General, that this rescue package will make the bank solvent." That was the condition, and they asked for it—and, of course, that was given. The Inspector General gave that letter, which was part of the undertaking. Of course, the bank was not solvent.

As the report states, the rescue package was doomed to failure from the time it was put in place. Having put the rescue package in place, the government, the Minister of State (Finance), said to depositors, "You can be assured that this bank is all right. It is sound in body and limb. It is sound. Put your money in;" and depositors who had time deposits, redeposited, and so on. Indeed, within a few weeks of the bank's moving into liquidation in August the government instructed the bank to continue to take deposits in excess of $60,000. That is the evidence given by the chairman of the CCB. Having done that, honourable senators, I hope it is clear that the government has a moral obligation to pay uninsured depositors. In my judgment, when senior ministers of the Crown say, "You can put your money in a bank," and then that bank fails, they have a moral obligation to make sure that the people who followed their advice are held harmless.

I suppose there could be those who would say, "You are free and you do not really have to follow advice," but I say that if one cannot follow the advice, and accept at face value statements made by senior finance ministers, by the governor of the central bank and the Inspector General of Banks, then this country is in a pretty awful state. So insofar as this bill is making funds available to pay uninsured depositors, I think it is good legislation.

● (1420)

That raises another question and that is, who are these people? We who have had the advantage of living under the common law system know that it is a part of our tradition that relationships of individuals with their bankers are confidential. These uninsured depositors, reacting to the views of senior government people, maintained a banking relationship with the knowledge and with the expectation that, as they were dealing with the bank in accordance with common law tradition, their confidentiality would be respected. There are those who would say, "Oh, yes, but they are not being paid as if they were depositors; they are being paid by a bankrupt estate." That is not so. The depositors put their money in the bank at the request of the government and the government, in my opinion, has a right and a public duty to respect the confidentiality that that relationship brings with it. According to the records there is one fellow who had $1 million cash to play around with on time deposits. I would like to know who he is, but I think he has every right to remain unidentified, and I should not be able to find out who he is.

Honourable senators, once you go to the effect of moral responsibility and the effect of relationships and understandings, Bill C-79 overlooks one very material group with claims, and that is the group of major banks who advanced the $60 million. You will recall that they reacted at the request of the government to come to a meeting and that they reacted to putting together a rescue package. They reacted after the government had paid the debenture holders, and they reacted only after they had an assurance in writing that the rescue package would make the bank solvent. Yet, the bill does not provide that they receive compensation. That, I think, is a flaw in this legislation. It makes it unjustly discriminatory. That flaw makes the legislation inequitable and it makes it unfortunate because on the one hand the government is saying, "I have a moral responsiblity to certain groups", and, on the other hand, it says, "I do not recognize that responsiblity to another group." What caused this tragic mistake? First, let us all agree that the primary responsibility for getting this bank into trouble lies with the management, its board of directors and its audit committee. Also, the external auditors had a responsibility that they did not properly carry out.

However, in the final analysis, one must look to the government to make sure that a system that had worked for 60 years was still going to work under the stresses and strains of economic conditions such as existed in western Canada as a result of the 1981-82 depression, and the government did not react. When the bill comes before us, honourable senators, I am sure that we will take a close look at the various clauses and decide at that time what our position will be.

Hon. Michael Kirby: Honourable senators, I rise to make a few remarks on the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-79, because the bill deals with an extremely important issue from the point of view of the Canadian taxpayer. It is, after all, a bill to spend $875 million of taxpayers' money. I also rise to speak on the issue because it seems to me that the report and much of the information it contains is information which I think members of this chamber should take the time to read and understand. I thought it might be useful, therefore, if I highlighted for you some of the key points in the report, not by quoting from it, but rather by way of giving you what is essentially a summary of some of the main points. When you read the report, you will discover that there are three major issues on which the committee was divided, and I think it is important for you to understand what those three issues are before the bill comes to this chamber for debate on second reading.

[Senator Sinclair.]

Before I make my remarks on the report, let me echo what Senator Sinclair said about the outstanding job which the chairman of the committee, Senator Murray, did in chairing our hearings. I think that all of you should know that the committee met on Bill C-79 for more than 30 hours of hearings, not counting our *in camera* sessions. It would be putting it mildly to say that some aspects of the bill and some aspects of the evidence which we heard during our hearings were quite controversial and I, for one, think that Senator Murray did a very good job of steering through what could have been quite a political minefield. I say that in particular because, since we are both Nova Scotians, neither of us is known for being particularly non-partisan, and so the non-partisan way in which he chaired the committee deserves real commendation. The manner in which he carried out his duties as chairman of this committee, it seems to me, is an important role model for all Senate committee chairmen to follow.

Having said that, let me now turn to the report which was placed on your desks a few moments ago and let me just give you the highlights of that report. In order to understand why the report has so much background material, I refer you to the fact that when the committee began hearings on this bill, the Senate reference said specifically that the committee should look at the bill, "or any matter relating thereto." Those words are important because, in fact, a substantial amount of the evidence presented before the committee was essentially background to the events that led to the necessity for the bill, and I think that some of that background is quite important for us to understand.

● (1430)

Senator Sinclair a few moments ago talked about a decision which was made last March. He said that decision was a "tragic mistake." He went on to talk about that tragic mistake being caused by the lack of "prudent foresight on the part of the government."

This is one of the three issues which, when you read the report, you will see the committee members were substantially divided on. The committee was divided because much of the evidence presented to the committee made it very clear that there were, in fact, over a period of many weeks and months signals that the CCB could be in serious trouble.

The minister herself told us on the first of her two appearances before the committee that as long ago as October 4, 1984—shortly after she assumed her office, and shortly after she was given responsibility for, among other things, banking

issues—she was briefed by her officials on the problems of CCB. She went on to point out that starting in January of 1985 she received almost weekly briefings on the CCB.

The fact of the matter is that senior officials reporting to her, specifically the Inspector General of Banks, were monitoring this issue regularly, and apparently felt that this issue was of sufficient concern that the minister ought to be briefed on it on a very regular basis. Yet the fact of the matter is that neither the minister nor the Inspector General of Banks used their power—power available to them under the Bank Act—to order any special audit or any special investigation of the CCB; that while they knew there was a potential problem, they continued to rely exclusively for their information on the bank's external auditors and on the bank's management.

Clearly the bank's management is hardly an unbiased source of information on the nature of the problems of the bank, and as evidence before the committee by the external auditors made clear, there is serious question as to the total degree of objectivity that the external auditors exhibited. More importantly, the external auditors did not understand that they were not only the primary sources of information, but virtually the only sources of information which the government had on the problems at CCB. Government officials said that they relied exclusively on the external auditors, but the external auditors did not understand that this was really their role.

It seems to me that the prudent foresight which Senator Sinclair referred to meant the government—when the bank had its problems in mid March—had a substantial lack of adequate information with which to deal with the problem. To that extent, I echo Senator Sinclair's views that the government, and indeed the Minister of Finance and the Minister of State (Finance) erred. Their error was not in not understanding the problem, but in not having used the powers available to them under the Bank Act to obtain the information that would be required in order for them to be able to deal with the situation adequately in mid March.

Honourable senators will find if they read page 42 of the committee report that the committee was, as one might expect, divided—in this case largely along partisan lines—on the issue of whether or not the minister should have used the Bank Act powers, whether or not the Inspector General of Banks should have used his Bank Act powers and whether or not the government was negligent in not understanding the situation adequately before March 14.

The significance of the date of March 14 is that that is the day on which the management of CCB came to Ottawa and informed the Inspector General of Banks and the Governor of the Bank of Canada that the bank was no longer solvent, or that it was in danger of becoming insolvent. That issue of insolvency, I might add almost parenthetically, is an important issue because the issue was not a liquidity problem; it was not a cash flow problem for the bank. The bank management recognized that their loan portfolio was in sufficiently bad shape that on March 14 they came to Ottawa and said: "This bank is in very serious trouble and, indeed, is virtually insolvent."

Despite the fact that the government was told on March 14 that this problem existed, it is interesting to note that it took four days before the Inspector General of Banks sent anyone to actually look at what was going on in the CCB head office, that from March 14 to March 18 nothing in effect happened in terms of increasing the information that the government would need in order to respond adequately to the CCB problem.

Clearly, honourable senators, that indicates to me that they obviously did not regard it as a crisis situation. The government did not appear to be in a panic about it. The government felt that it could take its time in reaching a solution to this problem, and there did not appear, at least in terms of the government's response from March 14 to March 18, to be any particular rush for solving the problem. Only four days later did officials from the Inspector General's office go to the CCB.

The Governor of the Bank of Canada on March 22, on a Friday, called in representatives of the country's major chartered banks to outline the CCB problem and seek their solution to it. It is an interesting point to note, however, that even before the bankers arrived in Ottawa, even before they came to the meeting convened by the Governor of the Bank of Canada, the Minister of Finance had already signed an order appointing a curator for the CCB, that order to go into effect on Monday, March 25, if a support package was not available. That is an important point to note simply because many of the government witnesses and the minister herself stressed to the committee that everyone they discussed the issue with over the weekend of March 23 and March 24 agreed that something had to be done by March 25. The implication of the way those statements were put to the committee was that it was a consensus decision on that weekend that something had to happen. I think it is important to note that the government itself had decided before it even consulted with the other banks that the critical deadline was whether or not the bank would open on March 25 because it had already signed a curator's order before the other bankers arrived in town.

Therefore, an important point in this chronology is: Did the government have to move as quickly as it did by March 25, or could it have taken another two days or three days or a week to obtain the information that would have enabled the government to understand fully the seriousness of the situation at CCB? Could it have taken the time, as it was urged to by the bankers it consulted with on that weekend, to send in extra inspectors to analyze the loan portfolio of the CCB, and to understand the seriousness and how deep the trouble was with that bank?

The fact of the matter is that the government did not do that. The government concluded that, for some reason—and at this point nobody really understands that reason —the critical deadline was March 25, and a decision had to be made by the time the bank was scheduled to open at 9 o'clock on the morning of March 25. This from a government that did not bother to collect any additional information in all of the weeks and months from October 4 to March 25, that did not bother particularly to rush to deal with the problem during the period

from March 14, when the CCB management came to town, to March 18, when the government started to gather additional information at a fairly lackadaisical pace.

So one of the things the committee was sharply divided on was the issue of whether or not the government should have attempted to get additional information, or whether it rushed into the situation so quickly that it did not take the time it should have and, as a result—again to use Senator Sinclair's phrase—led to a tragic mistake being made on the weekend of March 23 and 24 when a decision was made to put $255 million into the bank, the $255 million being an amount which our report says in a couple of places was clearly woefully inadequate with the result that the exercise was clearly doomed to failure from the start.

Senator Flynn: What would you have done?

Senator Perrault: You are in the government; so you tell us.

Senator Flynn: He says that the package was inadequate.

Senator Kirby: I am quite happy to respond to Senator Flynn's question because it seems to me, as I think he knows, although he was in and out of the committee so often that it was difficult to tell which part of the committee sessions he attended and which he did not—

Senator Flynn: I can read; I do not need you to read the evidence.

Senator Kirby: When the witnesses before the committee were asked what else could have been done, other options were in fact discussed, and discussed in some detail. The basic issue, as it became abundantly clear, was that nobody in the government really understood the situation of the CCB. Nobody in the government knew what the loan portfolio was worth and nobody in the government even bothered to make any effort to find out with any great urgency when they found out there was a serious problem.

● (1440)

Some Hon. Senators: Hear, hear.

Senator Flynn: Rubbish!

Senator Perrault: You let us take over and we will show you.

Senator Frith: Not only "hear, hear" but "listen, listen."

The Hon. the Speaker *pro tempore:* Order!

Senator Kirby: The second point we need to understand, because it relates to why the decision was made to move so quickly on that weekend of March 24-25, is, as most of you realize, that the national Economic Summit was taking place that weekend at the National Arts Centre.

Senator Frith: Now we hear about it.

Senator Perrault: Now we are getting to the nub of the problem.

Senator Kirby: It is very clear that the Minister of Finance and the Minister of State for Finance were far more concerned about appearing on national television sitting next to the Prime Minister than they were about participating in the negotiations involving—

Senator Frith: Here it comes!

Senator Kirby: Some of us, of course, would question their judgment about wanting to appear on television next to the Prime Minister but we are not responsible for those kinds of judgments. The fact of the matter is that the negotiations with the support group, with the banks, were all carried on by officials and not by ministers. Ministers found time to meet with officials, it turned out, on a Saturday morning before 10 o'clock, 10 o'clock being the time that national television started again, in case any of you wonder about the significance of that particular time. The result is that all of these discussions were carried on by officials. As someone who has had the privilege of working for leaders of a government both provincially and federally, I know of no issue in which responsibility for negotiations of this magnitude was left completely in the hands of officials. I think it is an interesting comment on priorities that national television results in ministers of this government deciding that they would leave an issue as important as this to be handled exclusively by officials.

Senator Perrault: Shocking!

Senator Argue: Let's have the Senate televised.

Senator Flynn: We should have Senator Kirby on television.

Senator Kirby: An interesting point worth noting as another contributing factor to the decision of not letting the bank go under but to have a support package of some kind implemented was that the Governor of the Bank of Canada, who chaired this negotiating session, indicated that he thought that since it would be the first bank failure in more than 60 years if the bank was allowed to fail, it was important that there be a period of public conditioning so that the public would not react too adversely to a bank failure. There seemed to be a view on the part of the governor of the bank that Canadians should be educated slowly to the possibility of a bank collapse. This public attitude toward bank failures in general was clearly an underlying factor in the consideration.

What we had was a situation where there was a meeting called to try to decide how to save the CCB on the weekend March 23 and March 24. There were no ministers present. The government had very little information. We had the government feeling that for its own political purposes the collapse of a bank the day after the national Economic Summit was something they could not tolerate. For all those reasons members of the support group were forced into making a decision which, as hindsight makes very clear, was a decision which turned out to be a serious mistake. Knowing Senator Flynn's view of the wisdom of the decision, let me just tell other members of this chamber—

Senator Flynn: I didn't say that.

Senator Kirby: —how the $255 million was arrived at. If you want a really good example of the quality of analysis that goes into decision-making by this government there is no better example than understanding how the figure of $255

million was arrived at. They calculated that if the CCB failed it would cost the CDIC $75 million. Therefore, that $75 million was gone whether the bank was saved or not. They knew they needed some figure between $200 million and $300 million, which is what you call really good accounting—fine accurate, data.

Senator Thériault: What's $100 million!

Senator Kirby: My colleague, Senator Thériault, says, "What's $100 million," and I think it just shows how times have changed. That is the way this government looks at issues like that.

Senator Perrault: They have been in power too long.

Senator Kirby: Having decided that $75 million was required, they found that the members of the support group, the banks, would be prepared to contribute up to $60 million to the support package. Then what the government did—this is really sophisticated analysis—is they said, "We will match that and get the western provincial governments of Alberta and British Columbia to match that," and that is how you get to the figure of $255 million.

It seems to me that if a company is in trouble one ought to undertake a substantially more sophisticated approach to understanding what the company really needs rather than picking a number out of the air like that, although if you do not mind whether the number is plus or minus $100 million, I suppose a figure like $255 million is as good a figure as any.

I think it indicates pretty clearly the lack of analysis that ministers put into this kind of a package. As Senator Sinclair said, the real reason for Bill C-79 was the decision in March to put up $255 million and then to go public with all kinds of pronouncements that the bank was solvent, which created a moral responsibility on the part of the government to bail out unsecured depositors. That is why it is important in considering this bill that honourable senators focus on the events up to March 25 rather than worrying specifically about the details of the events thereafter.

The other point that seems to me important for honourable senators to understand is the performance of officials reporting to the Minister of State for Finance and in particular the Inspector General of Banks. I realize that there was a tendency on the part of some members of our committee to take the view that ministers are not responsible when their officials do not perform in an adequate manner. In my opinion, that is misunderstanding the notion of ministerial responsibility unless we are to take the view that ministerial responsibility is not an issue that this government is particularly concerned about. The fact of the matter is that even though the members of the support group had, after all, put up $60 million in private sector money—and God knows how much the Conservative members of this chamber like private sector money—they had demanded, as Senator Sinclair said, in return a letter from the Inspector General of Banks saying that this $255 million package would make the CCB solvent. That was a condition precedent. It was a requirement, to use the words of the negotiators for the government, that the members of the support group insisted upon prior to their committing $60 million.

Nothing happened following the agreement on March 25. The Inspector General of Banks did not bother to send in additional staff and did not bother to conduct a detailed review prior to the signing of the final agreement. A month later, on April 26, the Inspector General signed a letter to the members of the support group saying that the bank was solvent when, in fact, he had no more information on April 26 than he had had on March 25. One of the glaring inadequacies in this entire series of events has been the failure of officials and, therefore, the failure of ministers to instruct officials, because let us be clear that the Inspector General, had he been instructed by his ministers to send in teams right away, would have done so. One cannot help but, at least, suspect that the government did not want to know how bad the situation was prior to the signing of the formal agreement.

• (1450)

It is precisely because of the performance of the Inspector General in carrying out his duties and his failure to understand the situation of the CCB that the committee unanimously, in its recommendation on page 43, recommends that both the resources and the power of the Office of the Inspector General of Banks be increased.

One of the other two recommendations of the report deals with the CDIC, the Canada Deposit Insurance Corporation. I will not comment on this because the Standing Senate Committee on Banking, Trade and Commerce reported separately on this matter about two weeks ago, and a bill dealing with CDIC reforms will be coming to us shortly.

The third recommendation, which is on page 44 of the report, deals with the role of the auditors in this event. The committee was unanimous, as it was in all three recommendations, in its view that the auditors should, perhaps, have done a more thorough job and should certainly have made information available in a more timely fashion to the Inspector General of Banks. The committee had real doubts about how it had been possible for the auditors to issue an unqualified report for the fiscal year ending October 31, 1984, when, six months later, it turned out that the loan portfolio of the bank had been substantially over-estimated by many millions of dollars.

The concern of all members of the committee about the performance of the auditors arose because the auditors had bent over backwards to adopt the positions that management wanted them to adopt and they had not been as truly independent as the committee thought they should have been. It is precisely for that reason that the committee recommended, on page 45, that, in order to enhance the independence of external auditors from the management of client banks, one of the two outside auditors be appointed by the Inspector General and not by the management of the bank. All the members of the committee were very concerned about the performance of the auditors in this whole affair.

We have a situation where a support package was introduced in March; a support package which turned out to be woefully inadequate; and a support package that subsequent testimony before the Estey Commission shows was more than doomed from the beginning. In fact, it was clearly throwing good money after bad.

As a result of that and as a result of all the statements by the government about how solid and how solvent the bank was, and here I agree with Senator Sinclair, the government had no choice. It had a moral responsibility to bail out the uninsured depositors who, after all, had left their money in the bank at the request of the government. Uninsured depositors who left their money in the bank were doing so in response to an appeal by the Minister of Finance, the Minister of State for Finance and senior finance officials of the government, including the Governor of the Bank of Canada.

In that regard, it is interesting to note that the one group which assisted the government in this endeavour by putting up new, hard cash, namely, the members of the support group, are the only people in this whole affair who are not being bailed out, paid off, or otherwise getting their money back as a result of this bill.

Honourable senators, I think, will find it rather interesting to note that the debenture-holders of the CCB were bailed out initially in mid-March because they would not co-operate in the support package and, consequently, the federal government and two provincial governments agreed to take them out. They were paid off.

This bill pays off all uninsured depositors including, incidentally, the payment of a not insignificant amount of more than $200 million to foreign banks because they left their money in, and the government feels it has a moral commitment to thank them for their support by giving them taxpayers' money.

Interestingly enough, however, the government feels no such moral commitment to the individuals whom it drew into the support package and to the institutions who helped the government by putting up new money in March. Even when they were involved in negotiations on the weekend of March 23 and 24, it would appear that not all the information, however meagre, which was available to the government was given to the banks so that they fully understood the situation, at least to the level of understanding of the government during those negotiations.

If one accepts the premise that there is a moral responsibility to pay off people who helped the government and who followed government advice, surely that moral responsibility must extend to the members of the support group. That is the second of the three issues on which members of the committee were divided, and I think it is important to note that, while no formal votes were taken, a number of members of both parties understood that problem and felt that that moral commitment should extend to the members of the support group.

There is a danger I see in this case and there is an interesting lesson to be learned. The lesson is: If you co-operate with the government, as they did, you are likely to be the one group who will not be helped out or who will not be paid off or bailed out when everyone else, including debenture-holders, who refused to support the government's proposals in the first instance, get all their money back. It seems to me that if I were likely to be someone who would be approached in the future about a proposal to help this government solve a particular policy problem, I would ask them to look at this example and tell them to be very careful.

I suspect the real reason that the members of the support group are not being paid off is a straight political one. My guess would be that public opinion polls show very clearly that the Canadian public would not like the idea of taxpayers' money being used to reimburse the major banks. I suspect that the reality is that Allan Gregg of Decima Research Ltd. took some form of a poll before the decision was made as to whether or not the banks would be included and, on the basis of that poll—and goodness knows, we know how this government likes taking polls—this particular decision was made.

I, for one, find it somewhat more than a little offensive that foreign banks, particularly American banks—and we all know how anxious this government, and particularly the Prime Minister, is to please the Americans—will be bailed out, but that Canadian banks will not be. I have great difficulty with that both from a justice standpoint and as a matter of principle.

The third of the issues on which the committee disagreed dealt with the question of whether or not the names of those who are to be bailed out under this bill should be made public. As Senator Sinclair has said, he feels that the relationship between a banker and a depositor is sacrosanct. The fact of the matter is that there are two important principles of public policy at stake in this issue. One is the relationship of confidentiality between an individual who deposits in a deposit-taking financial institution, which has been an important principle in Canadian banking for many years; and there is another important principle which one finds in the Financial Administration Act, which essentially says that the public has a right to know who is receiving public funds. What we have under this bill is a very clear conflict between two opposing principles.

The committee was divided on this issue. Both sides of the argument are given in the report, and I draw your attention to them. The committee was divided on the question of which one of those principles should take paramountcy over the other. That was the third of the issues on which the committee was divided.

Finally, I might just summarize the essential argument of the report as it outlines the reasons for the spending of nearly $1 billion of taxpayers' money. It falls roughly into categories covered by the following six points.

● (1500)

The first point notes that, because of the inadequate monitoring of the CCB by both ministers and officials, there was a substantial lack of information available at the time the decision was taken in March to put together a bail-out package.

The second important point to note is that the result of this inadequate monitoring also led to a support package which

was too small to do any good or, at least, to ultimately solve the problem.

The third and perhaps most important point, in my view, in terms of the government's performance on the issue, is that there appears to be no justification, other than the political one to which I have made reference, for the imposition of a deadline of March 25, the deadline by which the government had to make a decision. It seems clear that, had the government taken more time, as members of the private sector banks urged, and had the government gone in with a proper team of inspectors, it would certainly have understood the situation well enough to know that the support package was doomed and, therefore, should not be given.

The fourth point is that, having proceeded with the support package on March 25, ministers and officials told the Canadian public that the bank was solvent. As a result of that, the government, in my view, incurred a strong moral obligation to pay off the unsecured depositors.

The fifth point is that, in spite of this moral obligation, and for reasons that I think are largely political, the result has been quite a discriminatory piece of legislation, in that the government has refused to extend that moral obligation to the group with which it had negotiated the support package in the first place, and which helped them out by actually putting up $60 million in cash. Of course, I am talking about the members of the support group.

Finally, there is the issue of whether or not the names of the people who are to receive the money under this bill should be made public. As I have said, that comes down to a choice between two conflicting public policy principles. I take the view that, in the light of the important principle of confidentiality between a depositor and a banker, it is not necessary to make public the names of those people who are to receive money under this bill. Nevertheless, one must recognize that there is an equally strong public policy principle which argues that, under the Fiscal Arrangements Act, the names of those people who receive money from the government should be made public.

Honourable senators, I have outlined the major arguments with respect to this bill. What I find most surprising is that we are involved in a situation where, beyond any shadow of a doubt, a decision was made last March on the basis of inadequate information. The government had all of the power it needed, months in advance, to get that information.

Senator Flynn: Months and months, you can say that again.

Senator Kirby: It failed to do so; it rushed into a decision on March 25, and the result of that is that we are now out $1 billion in taxpayers' money. Yet the fact remains that all of those people who had the power to do something about the problem—in particular, the Minister of State for Finance, whose responsibility it was—remain in office.

It seems to me that the real losers under this bill are the Canadian taxpayers and that the real problem with the bill is that it does not attempt to recognize—as the government has not recognized—the true principle of ministerial responsibility. Quite frankly, when a mistake costing $1 billion is made, somebody in the ministry ought to stand up and take responsibility for it and should no longer be in office.

Hon. Jacques Flynn: Honourable senators, I move the adjournment of the debate.

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Flynn, seconded by the Honourable Senator Bélisle, that the debate on this report be postponed until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I certainly do not like to refuse a senator's motion to adjourn a debate. By way of explanation, Senator Murray asked yesterday whether we would consent to debating this report at the time the report was tabled. He knew that some speakers wished to speak but he did not wish to speak at the beginning. I appreciate that it is quite unusual to have three consecutive speakers from one side of the chamber. I sent a note to Senator Doody asking whether that was still a satisfactory way to proceed. We are not trying to dominate the debate; it was simply the result of an agreement that we reached yesterday. I appreciate that in the normal course speakers from the two sides of the chamber would alternate. We have heard from two speakers on this side and are suggesting a third. Senator Argue was then about to adjourn the debate, although Senator Flynn could do so. We are not trying to ram something along; we are trying to comply with an undertaking we gave.

Senator Flynn: I was not part of that agreement, but if it will satisfy senators who want to speak on this report, I will move the adjournment to later today. This item is taking priority over all of the other items of business. Other honourable senators who have items on the order paper should not be asked to wait until the debate on this matter has been completed. That could take a long time. That is my point. I move that the debate be adjourned to later today. It will take its place at the end of the Orders of the Day and we can continue tonight, if necessary.

The Hon. the Speaker *pro tempore:* Is it your pleasure, honourable senators, to adopt the motion for adjournment of the debate until later this day?

Hon. Senators: Agreed.

On motion of Senator Flynn, debate adjourned until later this day.

[*Translation*]

FAMILY ALLOWANCES ACT, 1973

REPORT OF SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE ON SUBJECT MATTER OF BILL C-70 TABLED

Hon. Arthur Tremblay: Honourable senators, I have the honour of tabling the fourth report of the Standing Senate Committee on Social Affairs, Science and Technology, on the subject matter of Bill C-70, an Act to amend the Family Allowances Act, 1973.

With your leave, honourable senators, I would ask that we proceed with consideration of this report later today.

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

Hon. Senators: Agreed.

[*English*]

APPROPRIATION BILL NO. 3, 1985-86

THIRD READING

Hon. C. William Doody (Deputy Leader of the Government), moved the third reading of Bill C-89, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1986.

Motion agreed to and bill read third time and passed.

• (1510)

MARRIAGE (PROHIBITED DEGREES) BILL

THIRD READING—DEBATE ADJOURNED

Hon. Richard J. Stanbury moved the third reading of Bill S-2, to amend and consolidate the laws prohibiting marriage between related persons.

He said: Honourable senators, you will recall that yesterday Senator Neiman presented the report of the Standing Senate Committee on Legal and Constitutional Affairs with respect to Bill S-2. In that report she pointed out that the bill had been amended since it was originally sponsored. In the circumstances, Senator Flynn, the sponsor of the bill, was unable to move third reading.

After discussion with the committee and with Senator Flynn, I have agreed to move third reading so that Senator Flynn can move an amendment, which I believe he will do when I resume my seat.

The question at issue posed a serious problem for the committee. The final meeting of the committee dealing with this bill was not attended by all members of the committee. Those present felt that the evidence presented to the committee indicated that there was a desire on the part of important elements of society to resolve the issue in favour of a prohibition against marriage between adopted siblings. There was also a feeling that the amendment to so provide would clarify the law.

There is, however, considerable merit to Senator Flynn's desire to avoid adding further prohibitions when our original purpose was to reduce the number of prohibitions by bringing the sanctions against marriage between people related by consanguinity or affinity up to date.

In an effort to resolve the issue in the manner most acceptable to honourable senators, it has been agreed that we should move third reading, as I am now doing, ask Senator Flynn to move his amendment, allow the matter to stand through the parliamentary recess, and then, after full debate, exercise our collective judgment as to the solution which best serves the needs of Canadian society.

I might mention that there are 17 new applications awaiting consideration by the Senate. So it is hoped that the matter can be resolved early in the new year. I therefore move third reading of Bill S-2.

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Stanbury, seconded by the Honourable Senator Petten, that this bill be now read the third time.

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

[*Translation*]

Hon. Jacques Flynn: Honourable senators, Senator Stanbury has explained the situation very well, and it would therefore be a redundancy for me to pursue the debate on this subject.

There is a consensus to the effect that if the bill were amended so as to eliminate the prohibition on marriage between adopted brothers and sisters and maintain the lineal prohibition, that is, a man may not marry his adopted daughter, etc., the situation would be satisfactory.

In any event, this would be a new prohibition. In exceptional cases where it would constitute an obstacle, Parliament could always pass a special bill, but that would be extremely rare.

I therefore move, seconded by Senator Bélisle, that the bill be not now read the third time but that it be amended as follows:

1. Strike out paragraphs (a), (b) and (c) of subclause 2(2) and substitute the following:

"(a) lineally by consanguinity or adoption, or

(b) as brother and sister by consanguinity, whether by the whole blood or by the half-blood."

2. Strike out subclauses 3(2) and (3) and substitute the following:

"(2) A marriage between persons who are related in the manner described in paragraphs 2(2)(a) or (b) is void."

On motion of Senator Flynn, debate adjourned.

[*English*]

CRIMINAL CODE

BILL TO AMEND (PROSTITUTION)—THIRD READING

Hon. C. William Doody (Deputy Leader of the Government) moved the third reading of Bill C-49, to amend the Criminal Code (Prostitution).

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

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

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

REPRESENTATION BILL, 1985

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator

Doody, for the second reading of the Bill C-74, intituled: "An Act to amend the Constitution Act, 1867 and the Electoral Boundaries Readjustment Act and to provide for certain matters in relation to the 1981 decennial census".—(*Honourable Senator Stanbury*).

Hon. Richard J. Stanbury: Honourable senators, yesterday Senator Flynn, in his usual logical fashion, moved second reading of Bill C-74. All honourable senators will appreciate his explanation of the bill. It is not a simple bill, however. It has two purposes; first, to amend the Constitution Act, and, second, to amend the Electoral Boundaries Readjustment Act. As Senator Flynn pointed out, this is probably the first time that we have amended the Constitution Act since it was patriated in 1982. It is, therefore, clearly a matter of some consequence, not just because it involves an amendment of the Constitution Act, but also because it affects the representation of the people of Canada in their own federally elected chamber of our Parliament, the House of Commons.

● (1520)

The redistribution aspect of the bill is of great consequence and it is most unfortunate that this bill, for the first time in our parliamentary history, purports not only to change our Constitution, but also to change our electoral boundaries without the benefit of all-party support. Over the years a system of redistribution has been developed, a formula called the amalgam formula, invented by the Right Honourable John Diefenbaker and the Honourable Allan MacEachen, and that system has been working for many years on the basis of all-party support. The process was begun again after the 1981 census in the normal fashion. The House of Commons prepared and debated the legislation. The commissioners were appointed, hearings were held, maps of the various constituencies across Canada were redrawn, and the proposals were being brought back for final agreement in the house. The short debate required to bring all this work to fruition was just a matter of giving individual MPs who had concerns about the effect on their ridings an opportunity to register those concerns. After that debate, the representation order giving legal effect to the commission report would have been proclaimed. The new boundaries would then have been in force, and any general election called after one year following the proclamation of the order would have been effective.

Parliament was dissolved in July 1984 without these last two steps having been taken. Then in September 1984 the Conservatives came into power. They completely ignored the well-accepted redistribution system which had been developed over the years on an all-party basis. They decided to fly their own kite. Like so many of the other kites they have flown, this one had no tail, no string, lots of wind but no direction or control. Of course, because of its substance and the manner in which it was launched, it failed to get all-party support. I am not sure where Senator Flynn got the idea that there were no significant differences among the parties. It is true that they all agree that the west must have more representation, but that would have been provided by the previous all-party bill. They were willing to see some restriction on the growth of the numbers in the House of Commons, but they never agreed to the rape of the rural areas or to the sapping of the voting strength of the individual urban voter.

The purpose claimed for this bill is to save the taxpayers money by having them elect fewer members to the House of Commons over the next 15 to 20 years. It would be easy for the members of the Senate to say that this is a laudable purpose. After all, we are in favour of saving the taxpayers money. Some would say that it is of small interest to us how many people sit in the green chamber at the other end of the hall. However, I am afraid that that is not all there is to it. Senator Flynn said, and I think I am quoting him correctly, that this matter of representation in the House of Commons is almost wholly within the jurisdiction of the House of Commons and that the Senate as a non-elected house should question it only on the matter of principle. I realize that that is the perception of the people in the House of Commons. However, if we think of ourselves as having responsibility for equity among regions of this country and if we recognize the special interest harboured by the members of the House of Commons in the subject matter of the bill, then we certainly must not abdicate our duty to examine the matter with care. As Senator Flynn has so rightly pointed out, this amendment of the Constitution is a serious matter, particularly when it affects the rights of the electorate of Canada. It could normally be accomplished only by a resolution of both the House of Commons and the Senate. On this occasion it is being accomplished through the device of a bill, but that does not change the responsibility of the Senate.

As to the saving of money, the amount saved is hardly worth mentioning in the context of what is adequate representation of the electorate in Parliament. I find it instructive to see the matters on which the Conservative Government acts to save money—the de-indexing of pensions, the de-indexing of family allowances, the reduction of parliamentary representation of the people of Canada, the purloining of the payments to the unemployed. It is also instructive to see what they spend money on—a 59 per cent increase in the budget of the Prime Minister's Office, amounting to $7 million; $1 billion on a tax deal for Gulf Oil; $1 billion or $2 billion to unknown depositors of problem banks; tens of thousands for super-mandarins for each of the ministers and so on. By throwing out all the work that had been done by members of all parties, by the electoral commissions, by the Chief Electoral Officer's organization, they have already thrown away $6 million and will spend another $6 million before this proposed bill, if it becomes law, can be implemented.

As I have said, many years ago Parliament worked out with great care a formula for the distribution of electoral constituencies across the country. It acted so deliberately that the process took several years and resulted in the adoption of a principle which deserved to be honoured far into the future. A fair basis for the representation of the population was worked out and provision was made for growth and for representation to match that growth in the population over the years. Now, this government has meddled with that carefully devised for-

mula, has distorted through its ad hockery the representation across the country, has chosen to ignore the results of the census of 1991—whatever those might be—and to leap-frog past the census of 2001 before there will be any further adjustment, all this in favour of creating 295 seats instead of 310 seats, a difference of .5 per cent—that is half of one per cent—in the House of Commons and a negligible difference in the cost of running it when compared with costs as they would have existed for the next election under the legitimate and settled formula for the distribution of seats.

Why did they do it? My suspicion is that the administration wanted nothing to do with the expansion of the number of backbenchers who might harass them and who might strengthen the committee system so that the committees might challenge the supremacy of the executive. There is also the suspicion that some elements of the Tory party saw an opportunity for gerrymandering the riding boundaries, and it may be that some elements of the party saw an opportunity to add to the multitude of Tory appointments by appointing the new electoral redistribution commissions and 295 new returning officers and their deputies. We do not know what all of the motivations were which led the government to take this drastic and useless step, but it is apparent now that economy was not a very important part of their reasoning.

● (1530)

Unfortunately, because of the government's delay, the timing of implementation is fraught with difficulties for our members of the House of Commons and for the machinery of election. If this bill is passed now, it will come into effect in the middle of the summer of 1988, which will most probably be an election year. No one will know until the last moment whether the election is to be run on the old boundaries or the new boundaries. If the election is called in the spring of 1988, it will be on the old boundaries; if it is called in the fall, it will be on the new boundaries.

All honourable senators who have had great experience with our electoral machinery will know the scramble to re-organize election boundaries, to elect the new executives of the new riding associations—who, after all, have the responsibility for calling the conventions to nominate the candidates—the re-organization and adjustment of the financial affairs of the ridings. Goodness knows, nobody wants a repeat of the fiasco of the management of election expenses that we had in the last election. There will be a tremendous strain put on the Chief Electoral Officer, on all his returning officers and deputy returning officers, the re-organization of enumerators, polling places, the printing of electoral lists, and so on and so forth. These are just some of the difficulties that will be caused by the ridiculous and unnecessary timing of the passage of this bill.

When I am speaking of timing, perhaps I should also mention the timespan of the effect of the legislation. If this bill passes in its present form, it will freeze the opportunities for redistribution of the electoral boundaries in Canada for a generation. It will be 20 years before an election can be run on any other basis. The same government that wants to freeze our electoral representation is, at the same time, proposing legislation and regulations which will increase our immigration from 80,000 or 90,000 people each year to 250,000 each year. They will be encouraging people to come to Canada, and then giving them no opportunity for proper electoral representation. We know where the immigration will go. It will go the large cities of Montreal, Toronto and Vancouver and to the intermediate cities of St. John's and Halifax for oil and gas development; to Quebec City, Winnipeg, Saskatoon and Regina, Calgary and Edmonton for industrial and service industry expansion, and there will be no provision for an increase in the representation of those centres until more than 20 years from now.

This is the government which proposes to lead us into a free-trade arrangement with the United States. The promise is that this will cause expansion of Canadian industry, more jobs, access to a huge market and availability of new technology. This vision of the future is one of dynamism and change. Yet, this same government asks us to freeze, to restrict, to make impossible any extension of the rights of the people to deal with that change in an electoral fashion.

Perhaps the saddest thing of all is that the government is not only stultifying the electoral rights of the people in the growth areas in Canada, it is failing to protect the rights of those great citizens of Canada who occupy the more sparsely populated regions of the country; Canadians who provide the food, the energy, the raw materials and the recreation for the rest of us and who also provide much of the spirit of Canada and the glue which holds us together as a nation. The population quotient to be used in the redistribution formula has gone up from 80,000 people to 87,000 people. There is no protection for the people of northern Ontario who occupy 88 per cent of the land mass of Ontario. They will lose at least one seat, and probably two seats. You can imagine the size that the ridings will need to be to cover that geographic mass.

Manitoba goes down from the 15 seats proposed by the all-party bill of the Liberal government to 14; Nova Scotia goes back down to 11; Newfoundland goes back down to 7. Those honourable senators who have represented some of these huge ridings in the past will have a complete understanding of both the impossibility of representing such areas and of the difficulty the individual people and businesses of those areas have in making their representations felt in the government in Ottawa.

Because my own province is Ontario, which now has 95 seats, and which was to have 105 seats under the Liberal proposal, I must express my deep concern that, under this bill, Ontario will have only 99 seats and there will be no opportunity for readjustment beyond the provisions of this bill for over 20 years. When I think of the changes that are likely to take place in Ontario as a result of immigration, free trade, changes in technology, reorganization of financial institutions and many other factors, I can hardly imagine a government suggesting that the electoral boundaries should not change in that period of time.

There may be others among honourable senators who would like to speak at greater length about the invidious position in

which Quebec has been placed by this bill. Quebec now has 75 members of the House of Commons. The proposed Liberal bill would have increased that representation to 79. The first Conservative proposal was to reduce Quebec back to 77. That was justified on the basis that the total number of seats was to be increased by only six, and that it was only fair that the west should have the greater proportion of those new seats and that Ontario should get some increase in recognition of its growth. The Quebec members swallowed that justification, painful as it must have been, recognizing that the western provinces certainly were entitled to increased representation. Now, however, the government has changed its mind. Instead of increasing the total number of seats by six, it is now increasing the total number by 13 and still insisting that Quebec have no increase in representation but remain at its constitutionally basic number of 75. When the number was 75 out of 282, it was a very different thing from what it is now with 75 out of 295 as proposed in this bill. The proportions are getting out of whack. Wait till the electorate of Quebec gets wind of that.

Honourable senators, I suspect that we may end up passing this bill into law because some of us will say that it is none of our business; that the House of Commons should govern its own affairs. Some of us will be cowed by the knowledge that any expression of doubt on our part will be met by an avalanche of vituperation against the Senate by the Prime Minister, unfortunately accompanied by some of the media, and the expectation that another resolution will be introduced by the Prime Minister calling for the emasculation or the abolition of the Senate.

However, for the first time in history without all-party support, time and money are being wasted in the name of illusory savings to erode the parliamentary representation of the people of Canada in both rural and growth areas in such a fashion as to freeze the electoral map of Canada for more than a generation, and I submit to honourable senators who believe that we have some responsibility for regional equity that we have a duty to exercise considerable care before taking the final step of bringing this bill into law.

There is, after all, a practical alternative to passing this legislation. If this legislation were not passed, the House of Commons could decide to resume and complete the debate on the previous bill which is still outstanding. In that event, the representation order giving legal effect to the commission reports could be proclaimed within two months following the completion of that debate, which would be, perhaps, toward the end of February 1986. The new boundaries would then be in force for any general election called one year following the proclamation of the order. The new electoral boundaries would then be effective by April 1987, well in advance of any normal election date.

The result would be that a process which has received all-party support would be implemented, rather than one which has not received such support. There would be 310 constituencies, rather than 295, but the result would bear some relationship to fairness and regional equity. Quebec would have 79 seats instead of 75; Nova Scotia would have 12 seats instead of 11; Manitoba would have 15 seats instead of 14; British Columbia would have 33 seats instead of 32; Ontario would have 105 seats instead of 95; Alberta would have 27 seats, instead of 26; Newfoundland would have 8 seats instead of 7.

• (1540)

Why should we create so much regional inequity and injustice to both rural and urban voters just to reduce the number of members of the House of Commons by .5 per cent?

This is a serious question and, as a result, I agree with Senator Flynn that the bill should be referred to the Standing Senate Committee on Legal and Constitutional Affairs for study, consideration and report.

Hon. John B. Stewart: Honourable senators, I move the adjournment of the debate.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I feel the same as Senator Frith does, that we do not really like to argue about adjournments because that is a courtesy we are willing to extend to members of the Senate at all times. I can say to my honourable friend, Senator Stewart, that this is a bill which the government wishes to refer to the appropriate committee tomorrow morning at 9 o'clock, and if my honourable friend could see his way clear to speak now, with Senator Flynn ultimately closing the debate, we could then arrange to have the bill referred to the appropriate committee tomorrow morning so that that committee will have a reasonable chance to look at the details of the bill.

I realize my friend has a right—and I do not dispute that—to adjourn the debate, but I ask whether he could participate now in order to facilitate that program.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the idea of the bill being referred to committee before the Senate adjourns for the Christmas recess is quite satisfactory. In fact, I thought that was the understanding I had with Senator Doody. That can certainly include a committee starting to deal with it—in fact, maybe dealing fully with it—before we adjourn for the Christmas recess.

I had not understood that 9 o'clock tomorrow morning was the kind of time constraint we were under, and I told Senator Stewart, because I knew he was preparing a speech on this order, that there would be no difficulty in giving that speech tomorrow. As far as I know, Senator Stewart will be the only person speaking on this order from this side of the house. Then I assume it will be referred to committee, as Senators Flynn and Stanbury have suggested.

Senator Stewart has told me that he wants to speak on this order tomorrow, so I think we should allow him to do so. We can arrange to hold a committee meeting at some time tomorrow. Someone told me—in fact, someone in a position of authority—that we will be sitting Monday, Tuesday and probably Thursday and Friday. So no doubt we will have time to deal with it next week if that is the case.

Senator Roblin: I am an optimist, and I suppose it is a mistake to be an optimist in my current position, but I always

live in hope that some accommodation will be reached in the other place to enable that House to deal with the business it has before it by the end of tomorrow. I know that the house leaders of the other place are meeting in order to consider that possibility.

If it seems reasonable to honourable senators for my friend Senator Stewart to speak tomorrow, that we can hold a committee meeting after that, and there will be sufficient time to deal with the bill in the manner considered suitable by all concerned, that would meet my point. I should like to give the committee reasonable time to take a look at the bill.

Let us assume that Senator Stewart adjourns the debate and speaks tomorrow. Then the committee can meet immediately after Senator Flynn has closed the debate and can report back to the Senate Friday evening in order to give us its views as to whether or not the bill should be proceeded with.

Senator Frith: I have no difficulty with that except it is imposing on the committee the need to report. Certainly if it feels after it has considered the bill that it can report, then it ought to report. I do not want it understood that we agree that the committee must report.

If Senator Roblin is saying that the government would like the committee to report before we adjourn for the Christmas recess, I think the committee has to be left free to decide whether it can or cannot report before we adjourn.

Senator Roblin: I have no objection to that as a matter of principle.

Senator Stewart: Honourable senators, I do not know what topic we are on, but let us assume we are on something and that I am in order—

Senator Doody: We are not debating the bill.

Senator Stewart: That is what I understood, so I was wondering what was going on.

As Senator Flynn has said, this bill would make an amendment to the Constitution.

The Hon. the Speaker *pro tempore:* Senator Stewart, are you withdrawing your motion to adjourn the debate?

Senator Stewart: No, I am simply engaging in the same sort of discourse that other senators were engaging in.

Senator Roblin: On a point of order.

Senator Molgat: On a point of order raised by the Honourable Senator Roblin.

Senator Roblin: This is an informal discussion; we frequently indulge in these things, and I welcome Senator Stewart's contribution.

Senator Frith: If we want it sanctified, we can call it a point of order and talk to our heart's content.

Senator Stewart: As I said, honourable senators, yesterday Senator Flynn pointed out that this bill would make an amendment to the Constitution of Canada, an amendment which affects the representation of the several provinces. I think, therefore, that we have a special obligation to consider this bill carefully.

I just saw the table which Senator Flynn gave us yesterday, a most interesting table. I have just had an opportunity to listen to Senator Stanbury's careful examination of the implications of the bill. So I really do not think I am being unreasonable in suggesting that I should like to say what I have to say at a later sitting.

Senator Roblin is suggesting—I do not think he went further than that—that there is some great urgency to this bill. I fail to see that. Our ultimate disposition of this bill will not affect the timing of an election, or anything like that. There is no great consequence that would follow from having this bill dealt with in a serene and serious second thought way by honourable senators.

Senator Roblin: You are very persuasive.

Senator Stewart: If there is such a consideration, it should be revealed, but so far none has been revealed; consequently, I think that honourable senators ought to have an opportunity to deal with this important measure in an appropriate fashion.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, Senator Frith feels that he and I had a deal on this particular bill. I agree that we discussed it at length. I thought that I had made it clear that it was a bill that the government gave priority to and wanted passed before Christmas. I also thought we had discussed something to the effect that it was primarily of concern to the House of Commons and that we would not get into it all that much; that there were other bills that were more important.

I fully appreciate what Senator Stewart is saying in terms of the Constitution and the responsibility of the Upper Chamber to look at the legislation carefully. I just do not want honourable senators to think that there was some sort of arrangement that I or Senator Frith had sloughed off. Perhaps I did not pay enough attention to the seriousness of it at the time. It seems to me that this bill should be treated with the same seriousness Senator Stewart thinks it should be treated with.

I am not backing out of a deal that was made, because I do not think we had one. To that extent, I thought that that was a bill the government wanted and that they could have it, but apparently that is not so.

Senator Frith: Senator Doody is not backing out of anything. We did speak briefly about this at the beginning of the sitting. I think we simply misunderstood each other.

● (1550)

Senator Roblin: I gather from the discussion that it is not Senator Stewart's wish to proceed with it now and I would not urge him further. I simply take hope in the thought that we will dispose of it tomorrow. I hope that we could put it at the head of the order paper unless there are some good reasons why we should not, and there may well be. I put forward that idea so that if it seems advisable at the time we could dispose of it in time to give the committee the maximum amount of time to deal with it. I may be foolishly optimistic, but I believe

that the commitee will be able to report it back to the house in time for us to deal with it before the Christmas recess. I will watch the proceedings in committee with some interest, and if I have any information at that time which the committee ought to have about the importance of the bill, I will convey it to the committee, so that they will be aware of all the relevant facts.

My impression now is that this is one of the bills to which the government wishes to give Royal Assent before we break for the Christmas recess, and that is the position I am taking on it at the moment. Whether the government gets what it wants or not is not within its power to say because the Senate is going to do that. I have to express that opinion and, if possible, I would like to be present at the committee myself so that when the discussion is concluded, if there is any feeling that the bill is a problem, I might be able to say something further about the timing. In all candour I must tell the house that I am having that timing problem, but I am optimistic that the committee will do its duty as it sees fit and we will see where we stand at that time.

Hon. Henry D. Hicks: Honourable senators, I think this whole discussion since the motion for adjournment has been out of order so I will continue in the same vein. I want to answer two questions that have been raised. Whether or not there was an agreement between Senator Doody and Senator Frith, I do not wish to debate and, frankly, I do not care whether or not there was because such an agreement was not communicated to me as a member of this chamber and I would not consider myself bound by it in any event. The second point that I want to make relates to allegations that the government leader in the Senate has made several times that the government wants this bill passed before we rise for the Christmas recess. This also leaves me cold. Unless the government can give us some reason why the bill should be passed before we rise, I do not think the government has the right to bring a bill into the Senate within 24 or 36 hours of the time that we thought we were going to rise for the Christmas recess and expect us to railroad it through. So I am not impressed by that argument either.

Senator Roblin: I know that Senator Corbin wishes to speak, but I really cannot allow the allegation to remain unanswered that I am trying to railroad anything or that the government's will is the consideration that will influence the majority in this chamber. I do not think it will. They will make up their own minds whether they want to do it or not. That has always been my position. I do not think I should be slated quite so vigorously by Senator Hicks.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I listened with great interest to the one-way conversation on either side of the House. It would seem that senators sitting in the far corners of this Chamber are forgotten.

I had intended to speak to this bill as a senator from the province of New Brunswick. I am worried about the contents of this bill and about what it seeks to accomplish, certainly not because I would want to deny the gains deserved by the western provinces, that is not at stake here.

I intend to focus on what will happen to the relative position of New Brunswick within the confederative structure if this bill is adopted. The debate on this bill just began today. Senator Stanbury was the first speaker and gave a detailed account of the situation. I mean on behalf of senators on this side of the House, of course, in the name of my political party. Such things are important in the constitutional context.

I think it is my duty as a senator from New Brunswick to speak on this issue. I would not want honourable senators to be under the illusion that only Senator Stewart will speak. I do not feel bound by any agreement that might have been made by Senators Frith and Doody. If there is one, I am not aware of it. On basic questions such as this one, I intend to express my opinion on second reading.

Senator Flynn: Nothing prevents you from doing just that!

On motion of Senator Stewart, debate adjourned.

[*English*]

PRIVATE BILL

PINE HILL DIVINITY HALL—BILL TO AMEND ACT OF INCORPORATION—SECOND READING

Hon. Henry D. Hicks moved the second reading of Bill S-7, to amend the Act of Incorporation of Pine Hill Divinity Hall.

He said: Honourable senators, the act incorporating Pine Hill Divinity Hall was passed on May 30, 1930 by the Parliament of Canada. The act empowered the transfer of all property then held by the board of the Presbyterian College, Halifax, which consisted mainly of the Albro property, so called, on the shores of the North West Arm in Halifax. Since 1930 many additions and modifications have been made to this property.

At the time of incorporation in 1930, the property value was well below the $2-million limit specified as the upper limit of permitted holdings of the board of Pine Hill Divinity Hall. This limit is noted in clause 4, section b, of the 1930 act. A routine review of bequests revealed this specified limit of the holdings and it became apparent that the property value had increased well beyond the limit specified in the act. This increase is the result of the normal increase in the value of land on the shores of the North West Arm as well as of the addition of buildings for educational use constructed on the property. Also to be noted are the many bequests left over the years to Pine Hill Divinity Hall for use in the education of persons for the ministry. Insurance records indicate the value of the buildings to be in the vicinity of $5,200,000, and it is apparent that the land value at the present time has increased beyond the $2-million limit set by the act. This together with the bequests and other investments valued at approximately $4,100,000 indicated the need for modification in the act in order that the Board of Governors of Pine Hill Divinity Hall may carry on the strong traditions and ensure that the property and bequests are held within the powers given by the act

for use in the education of persons for the Christian ministry and other forms of Christian service.

The Pine Hill Divinity Hall property comprises approximately 12 acres.

Honourable senators, I know that we have a lot of business before us but I would like to place on the record a very brief resumé of the history of this worthy institution located for many years in the city of Halifax.

On a November day in 1820 the Reverend Doctor Thomas McCulloch began the theological instruction of 12 students gathered in an upstairs room of Pictou Academy. This venture was supported by the newly formed Synod of the Presbyterian Church of Nova Scotia created in 1817 by two uniting branches of the Church of Scotland. The Synod appointed Dr. McCulloch as its Professor of Divinity, and he assumed this responsibility in addition to his duties as Principal of Pictou Academy. This Presbyterian "Divinity Hall," so modestly begun, was the first enterprise of its kind in the British colonies. Its first students had completed their philosophical studies, their arts course, at the academy and were deemed to be ready to begin the study of theology. Four years later, in 1824, six of these were licensed to preach the Gospel and were eligible for ordination. Now, for the first time, instead of ministers imported from overseas, native sons trained in Nova Scotia were prepared to minister to maritime congregations.

● (1600)

Dr. McCulloch left Pictou in 1838 to become the first President of Dalhousie University. He took the Divinity Hall with him to Halifax and conducted classes in his own house on Argyle Street until his death in 1843. The Synod appointed Rev. John Keir of Princetown, Prince Edward Island, as his successor. For three sessions, Dr. Keir carried on theological instruction in his own house, assisted by Rev. James Ross of West River, Nova Scotia. In 1846, the two professors decided that the school should be transferred back to Pictou County, and it met in the Ross house, with three students. In November 1848, the West River seminary was inaugurated, for instruction in arts as well as theology. Classes met in the Temperance Hall, a cramped and primitive room above the log school house. For ten years the divinity school was carried on there, classes being held for six weeks in the spring after the arts courses for the year had been completed.

In 1858, the school moved to larger quarters in Truro. It remained there for only a few years when, in 1860, with the formation of the Synod of the Presbyterian Church of the Lower Provinces, the school moved to Halifax. In 1878, the college board decided to purchase the Albro property on the shores of the North West Arm, and there the school has remained ever since.

When, in 1926, it was decided that the Department of Theology of Mount Allison University should be moved to Halifax to unite with the Presbyterian College, there were searchings of heart in Sackville, and some misgivings. From its inception in 1858, Mount Allison Wesleyan College had provided theological instruction and, in 1875, a Department of Theology within the university was organized. Courses required for ordination by the Methodist Conference were given, and a full course was offered leading to the Bachelor of Divinity degree. Through the years, the theological students and professors had played a prominent part in campus life. It was natural that the university should feel keenly the loss of this vitally important faculty. Nevertheless, it was realized that this move was necessary for the cause of church union, and that it was a practical and realistic step. Two professors from Mount Allison came to Halifax although, for some time, the first year of the theological course continued to be offered in Sackville. Time has shown the wisdom and advantage of the action taken at this juncture.

At the time of church union, that is, the union between the Methodist, the Presbyterian and Congregational Churches in 1925, the school came under the jurisdiction of the United Church of Canada. It had a number of distinguished principals among whom were Clarence MacKinnon, who served for 28 years; Dr. A. E. Kerr, who, after excellent service, resigned, again to become President of Dalhousie University in 1945; and he was followed by the Rev. Dr. Clarence MacKinnon Nicholson who gave outstanding leadership for 25 years, retiring in 1971. Among the good things he did, honourable senators, was conduct the marriage ceremony uniting me with my present wife.

Hon. Senators: Hear, hear.

Senator Hicks: In any event, following World War II, the theological colleges in Nova Scotia faced further problems. In 1971, 14 years ago, there was founded the Atlantic School of Theology, a truly remarkable example of ecumenical education of ministers of the Gospel. The Atlantic School of Theology comprises theological education for ministers of the United Church, Roman Catholic priests, Anglican priests, and some others. For the past 14 years, this truly ecumenical institution, the Atlantic School of Theology, has occupied the premises made available to them by Pine Hill Divinity Hall.

The story of the growth and development of Pine Hill is a noble and worthy chapter in the church annals of the maritimes. For more than 160 years, it has been the main source of ministers for the United Church and its uniting communions in the Maritime and Newfoundland Conferences.

In 1959, student enrolment reached a high point of 61 full-time candidates for the ministry. In 1946, Dr. Falconer, a distinguished principal of the school, estimated that more than 1,200 ministers had graduated from the colleges in Pictou, Sackville and Halifax, including more than 100 missionaries in various countries throughout the world. To these must be added more than 500 graduates from 1946 to 1971 and on to 1985. Within the Atlantic School of Theology, Pine Hill's noble traditions will be maintained and magnified.

I pray for support from honourable senators in this chamber for second reading of this bill.

Hon. Senators: Hear, hear.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Hon. Henry D. Hicks: Honourable senators, I do not think there is anything in this bill that requires it to go to committee. On the other hand, its passage is not at all urgent and if any other senator wishes it to be referred to committee, I shall move its referral to the Standing Senate Committee on Legal and Constitutional Affairs.

Senator Flynn: I think you have to do that.

Senator Frith: I think there is something in the rules which says it has to be referred.

On motion of Senator Hicks, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

STANDING RULES AND ORDERS

SIXTH REPORT REFERRED BACK TO STANDING COMMITTEE

On the Order:

Resuming the debate on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Hicks, for the adoption of the Sixth Report of the Standing Committee on Standing Rules and Orders (Committee Reports), presented in the Senate on 6th November, 1985.—(*Honourable Senator Roblin, P.C.*).

Hon. Duff Roblin (Leader of the Government): Honourable senators, with the advice and consent of Senator Molgat, for whose assistance I am indeed grateful, I should like to proceed with the arrangement we made yesterday by which unanimous consent was given to allow me to withdraw the motion I originally made and to substitute another one.

The one that I now ask consideration for is worded in this way:

That the report be not now adopted but that it be referred back to the committee for further consideration.

Senator Molgat informs me that he would take that to mean that the substance of the subject matter of the amendment I originally proposed would, indeed, be the main object of consideration in committee. Members would then have an opportunity to consider whether it was a good idea or they may have something better to propose.

Therefore, I should like to propose this motion, seconded by my colleague, Senator Doody.

Hon. Gildas L. Molgat: Honourable senators, I will be very brief. I have had a discussion with Senator Roblin in this regard, and I agree completely. We will see to it that the proposal he made yesterday is reprinted for committee members, and we will be discussing it at our first meeting.

I have discussed this matter with Senator Godfrey who had originally presented this idea, as honourable senators will remember, here in the Senate and again in committee. He feels that the proposal that has been made would suit his purposes. That, of course, is not necessarily the committee's view, but I suspect that we will arrive at a reasonable solution.

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Roblin, seconded by the Honourable Senator Doody:

That the report be not now adopted but that it be referred back to the committee for further consideration.

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

Hon. Senators: Agreed.

• (1610)

PARLIAMENT BUILDINGS

CENTRE BLOCK—REMOVAL OF PORTRAITS OF BRITISH PRIME MINISTERS—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Hicks, calling the attention of the Senate to the removal of the portraits of former British Prime Ministers from the sixth floor of the Centre Block of the Parliament Buildings.—(*Honourable Senator Walker, P.C.*).

Hon. Henry D. Hicks: Honourable senators, I am prepared to close the debate on this matter, after a little reflection, but Senator Walker has not withdrawn and I do not like to do so in his absence.

Senator Flynn: He withdrew yesterday.

Senator Hicks: But the order still stands in his name on the order paper.

Senator Flynn: That is a mistake.

Senator Hicks: At the next opportunity I would be glad to close the debate, but I am not quite prepared to do so now. I have not brought my papers with me.

Order stands.

FINANCIAL INSTITUTIONS DEPOSITORS COMPENSATION

CONSIDERATION OF REPORT OF BANKING, TRADE & COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-79—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Thirteenth Report of the Standing Senate Committee on Banking, Trade and Commerce, (subject-matter of Bill C-79) tabled in the Senate on 19th December, 1985.—(*Honourable Senator Flynn, P.C.*).

Hon. Jacques Flynn: Honourable senators, I am willing to yield to Senator Olson if he wishes to speak on the matter now.

Hon. H. A. Olson: Honourable senators, in view of the hour I move the adjournment of the debate until the next sitting of the Senate.

On motion of Senator Olson, debate adjourned.

[*Translation*]

FAMILY ALLOWANCES ACT, 1973

CONSIDERATION OF REPORT OF SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE ON SUBJECT MATTER OF BILL C-70—DEBATE CONCLUDED

On the Order:

> Consideration of the fourth report of the Standing Senate Committee on Social Affairs, Science and Technology on the Bill C-70, intituled: "An Act to amend the Family Allowances Act, 1973".—(*Honourable Senator Tremblay*).

Hon. Arthur Tremblay: Honourable senators, I simply want to say a few words to explain the request I made this afternoon. I asked for leave to proceed immediately with the consideration of the fourth report of the Standing Committee on Social Affairs, Science and Technology, on a subject which is familiar to us, because some of our colleagues had expressed the wish to speak on this report today.

I see no need to speak myself at this stage. Therefore, I am quite willing to give up the floor immediately to anyone who wants to speak on this report.

Hon. Philippe Deane Gigantès: Honourable senators, the committee report does not suggest any amendment to the bill. One of the reasons why certain members of the committee and myself did not attempt to amend the clauses of Bill C-70 is that the House of Commons has not yet completed consideration of this legislation and we have not received it.

We are convinced that, when the Senate receives this bill, we shall be able to take another look at this piece of legislation which, at least in the eyes of some of us, including myself, seems too hard on certain members of our society who are unable to defend themselves. The bill de-indexes family allowances.

[*English*]

I think that this legislation is going to do a considerable amount of harm to those people who can least bear such harm. The Standing Senate Committee on Social Affairs, Science and Technology asked the research branch to produce a study tool, which is available, that shows the effects of changes to the family security system, taking into account not only family allowances and the tax credit but also taking into account the effects of other tax measures such as the child tax exemption, the spousal equivalent exemption and so forth. If we consider a family with no income at all, according to the study we have done, it benefits very marginally between now and 1990 but, after 1990, it begins to lose. If we consider the majority of the families affected between now and 1989, they will lose $100 per year.

Let us not forget that the majority of the families in this country have relatively low incomes. The median family income is between $26,000 and $27,000 per year. These are not rich people. The loss of $100 per child per year will be a considerable one, indeed. Forty-two per cent of Canadian families have annual incomes of between $10,000 and $30,000. If we look further, however, we will see that of that 42 per cent, 22 per cent have incomes of between $10,000 and $20,000. That is poverty level. These people are going to lose money through Bill C-70.

There are other aspects of the bill which some of us also find disturbing. Of the $50 million that Bill C-70 is expected to save, $6.9 million will come from families with incomes of less than $10,000, and $9.8 million will come from families which earn between $10,000 and $20,000. A small amount is going to come back from those rich families which receive Family Allowance unfairly.

If the calculations are projected over about four years, honourable senators will find that between 1986 and 1989 $300 million will be taken away from families that are raising children. This is an important point. We are taxing child rearing through this bill. This country has a falling birth rate. There are many other things we could have done to find money with which to reduce the deficit. We could have done so through the tax system in a way different from the one used in this bill. Honourable senators, I find it disturbing—I am even ashamed—that the first measures which were announced to us were those cutting Family Allowances, those de-indexing old age pensions—which we managed to reverse—and those increasing capital gains deductions. This is changing the tax system and is changing it in a shameful way, because we are hitting the very poor and giving benefits to the very rich. In a country like Canada, we should not do that. At the Christmas season there is only one way of characterizing this sort of thing: That is what Scrooge would do.

• (1620)

We must also not forget that 11 per cent of all Canadian families are single-parent families. Most of them are run by women. Six hundred thousand single-parent families are run by women. The others are run by men. Those families are helpless. They cannot get out of poverty. When we study the figures, and the taxes that are connected with these measures, we see that in about four years' time they will be losing money, compared with the pittance they already receive. We are going to hit women who are heads of single-parent families, and they have a much higher unemployment rate than other people. I find that very difficult to take, particularly at this season. Why are we penalizing Canadians and Canadian families with children? Canadian families with no children do not have to worry. Their tax situation is not affected. Those whom we are affecting are families that have children. Why are we doing it now, when the baby boom has passed and the birth rate is declining? In other words, when the problems associated with family allowances are declining, we hit them. We give $500,000, free from capital gains tax, to the rich, and we take food out of the mouths of the poor. I find that extremely difficult to take.

Moreover, the Family Allowance is a cheque that is received. We heard testimony that on the nineteenth of each month, if one goes to low income housing, one will find the mothers waiting for that cheque. They really need it. They are waiting for that cheque not only because there are urgent needs that must be met by the spending of that cheque; they

are also waiting for that cheque because, we were told, they are afraid that some other poor mother, perhaps a neighbour, will steal the cheque. That is how bad the situation is. Those are the people that this bill will hit, either immediately or eventually.

I believe that our committee will look at it again in the light of the fact that 1.2 million children, in families that are below the poverty line, with single parents who are condemned to stay below the poverty line, are going to be hit by these measures. There are other ways whereby we can save money for the budget—not on the backs of the children of the poor. When the bill comes from the House of Commons and goes to committee, I believe that honourable senators will find that the legislation will result in a loss of $100 per child per year in four years' time and that it will be hotly debated in committee. The report will then look different from the report that honourable senators have now. Some of us will say there are better ways of doing it than departing from universality in this instance; that it is better to give the Family Allowance to everyone, and then have a tax system that takes back most of it from those who do not need this contribution. It will be said that it will take, at most, 40 per cent of it from those who are very rich. But those who are very rich are such a small proportion of the taxpayers that, in effect, to avoid benefiting an infinitesimal part of the population, we are going to hit 1.2 million children. I find that very difficult to take at this Christmas season. I hope that when we get back to studying this bill—probably in the New Year—when and if it passes the House of Commons, we will remember that no country, no legislature, can sleep at ease if it tries to do things that benefit the rich and hit at the poor.

Hon. Brenda M. Robertson: Honourable senators, in speaking to this report on the pre-study of Bill C-70, certain factors might perhaps be identified. I listened carefully to Senator Gigantès, and, in committee we all listened carefully and tried to understand what the government was trying to do, not only with Bill C-70 but also with the changes to the Child Tax Exemption and the Child Tax Credit. Certainly one cannot look at Bill C-70 without looking at the other changes identified in the budget last year.

Poverty, particularly as it affects our children, is very difficult for all of us to accept; but unfortunately we have been living with poverty for a long time. Those of us who have worked in this area have had many sleepless nights and suffered much agony in trying to find the resolution to this really national disgrace in a country like Canada, with so many resources. If we look at the statistics of those people who are living in poverty, there appears to be no accurate figure of children between the ages of zero to six. But I suppose it would be reasonably accurate to assume that the figure would be comparable with that for those under 16 years of age. May I point out a trend? In 1980 the population of children living in poverty in Canada was about 896,000. In 1983 the population of children living in poverty had increased to 1.131 million. So we have not made much progress. Things have been going the wrong way with this extremely difficult problem. That trend of one in five Canadian children who live in poverty must be distressing to each one of us in this chamber.

Senator Gigantès alluded to the de-indexation of the senior citizens' pension benefits, and claimed credit for the reversal of that policy. I guess that's fine. However—I have to say this, because I believe that in many ways the two relate to each other; there are similar forces at work—I suppose I would have become terribly excited about the de-indexing of the senior citizens' benefits if someone could have convinced me that the indexing of the senior citizens' pension cheques and the GIS would eliminate or alleviate poverty in Canada among our seniors. Even with the OAS and the GIS, the two component parts, and full indexing, we still have 42 per cent of our senior citizens living in poverty. Indexing has been around since John Turner was Finance Minister. The figure is 42 per cent. So, obviously it is not working. But that is a subject for another debate, so I shall not become too deeply involved in that.

But, with children living in poverty, we do not have the same differential that we have with seniors. With seniors you have the OAS and then a means test for those who receive the Guaranteed Income Supplement. Even with that, 42 per cent of seniors are still living in poverty. With regard to universality and the Family Allowance, there is one blanket cheque for everyone. There is no second level of support. So I suppose it is no wonder that the number of children living in poverty has increased at a regular rate in the past few years.

● (1630)

The subcommittee of the Standing Senate Committee on Social Affairs, Science and Technology prepared a document. I am sorry that Senator Marsden is not here this afternoon, because she spent a lot of time and energy, along with others, in preparing this document. I hope honourable senators have read it, and if they have not, I recommend it to them as Christmas reading. I suggest that they put it on their night-table and give it some consideration. The document is an analysis of child and family benefits in Canada. I must say that I am very satisfied with the document and it is a very significant piece of work done by the subcommittee. For the first time we have tracked dollars that go to children from the federal government through the various provinces, taking into account the complexity of the taxation systems in each of those provinces. As the report points out, there are variables that cannot be accounted for but I believe it is the best effort in this regard that could be done.

I shall not take up the time of the house to go through the report in detail, but it shows what happens. One of the tables shows what occurs when an extra $100 is given to a child in each province taking into account each province's tax system. We see that by giving dollars in this direct manner we cannot guarantee that the child or the mother will receive the benefits. We see that there is a big difference in the amount received when it is exposed to the different tax systems in the provinces. So I suppose, even if we had a parallel to the Guaranteed Income Supplement for children, it would not be sufficient. For instance, in Saskatchewan the money is completely taxed

away. In other provinces it is taxed away partially. If you cannot solve the problem of poverty with a cheque, if you cannot buy your way out of this problem, how else will you approach it?

Honourable senators, I would submit that the government has been reasonably responsible. None of us is totally satisfied, but I believe that the legislation is a step in the right direction because, not only does Bill C-70 come into play, but the changes in basic assumptions and the Child Tax Credit come into play. For the first time, I think we are moving in the right direction. Those of us who worship at the altar of universality must remember that it does not solve the problems of poverty for the aging and you will not solve the problems of poverty for children simply by passing out money. Some of that money will disappear into the system and will only serve to frustrate ourselves and frustrate the intended recipients.

I come back to the problem that we studied when the committee examined Bill C-70 and changes in the tax exemptions and credits. We took this document, which is the methodology for analysis of child and family benefits and can be applied to any changes in the system from now on, and we assessed what happened with these changes in those three or four areas that we referred to. I wanted to be absolutely accurate, so just a few hours ago I talked with one of our researchers to make sure I was reading the application of the methodology accurately. I want to assure honourable senators that with the multiple changes not only in Bill C-70, but in the budget documents, that the poorest children in Canada will be better off with the new system for the next five years. Certainly, it will benefit many of the working poor. Of course, it depends on where your classification falls and the parameters within which you look at things. Some children will not benefit. I am advised that for the group in the $12,000 to $20,000 level, the change is really insignificant, whether you are on the new system proposed by the government in Bill C-70 and the changes to the tax exemption or the Child Tax Credit that, I understand, we will be looking at in a bill very shortly, or whether you are looking at the other system without any changes and with full indexation. However, for the poorest of the poor, generally those living on social assistance, you will find that they receive an increase of up to 10 per cent. I have applied these tables to the next five years, because one budget is not a finality. One budget is a step in the right direction.

Senator Frith: Or the wrong direction.

Senator Robertson: We have all been around legislatures, the House of Commons or wherever when a budget has been brought down and we know the significance of one budget. One budget is very important, but it is not the beginnning or the end of a given policy. One budget indicates which way a government wants to go. I am satisfied that the government is moving in the right direction in this regard.

I would like to have seen the government go further. However, I have to recognize, as I am sure we all do, that you cannot do everything in one year. The financial circumstances that we face demand that we move carefully. I have found over the years, particularly in the areas of social policy, that you had better move very slowly and very carefully because if you do not you will have more problems than you anticipated. No matter how you try to push something faster, you will get into deep water if you try to move too quickly.

This is not the first time that the Family Allowance has not followed the cost of living index. Honourable senators will remember that in 1983-84 the increase was limited to the six-and-five policy of the government, and I do not have to remind you what the cost of living was at that particular time. In 1979 there was a reduction in the Family Allowance when the Child Tax Credit was introduced. In 1976, Family Allowances were frozen at the 1975 rates. I am sure many of you in this chamber must have approved those changes, knowing full well that they were not permanent changes; they were budgetary changes that seemed to be necessary at that particular time.

• (1640)

I believe what we are looking at here, honourable senators, is a subtle direction that the government wants to take. Thank heavens they are looking at the whole package. They are not just dealing with something in isolation. I doubt if there is a senator in this chamber who would not want the full indexing of Family Allowances to be doubled, in order to do all of the beautiful things with it that we might. We know, however, that that is not always possible. Indeed, we would love to have more money for the children and for the senior citizens. It is very easy to criticize. However, after reading some of the reports in the newspapers recently, I do not have to tell you that the economic climate of Canada is significantly healthier today than it has been for some time. That, in itself, will give the government an opportunity to move in better directions for the disadvantaged. You cannot move in a better direction unless you have the resources to go there. One can always say, "Why did you do this and why did you do that?" Let me tell you, I do not know why governments do some things, but they do some very strange things. I was a member of government for a long time, and the only way I can protect myself when someone says, "Yes, Senator Robertson, you were first elected in 1967," is to say, "Yes, my constituents had the good common sense to send me to the legislature when I was 12." In any event, some of us have been around for a while.

Senator Frith: If they had had a chance, I am sure they would.

Senator Robertson: When you have been around for a while, you get frustrated. I remember something happening about which I was exploding, and I am sure Senator Simard will also remember. This happened in 1982 or '83 when I was chairman of Social Policy in the small province of New Brunswick. In that position, I had a budget for all of our social programs in the province of $1.3 billion. That budget included the health delivery system, the educational system, the justice system, the youth system and all of the libraries and cultural activities that we could possibly afford. In a small province such as New Brunswick, I was asked to co-ordinate all that on a budget of $1.3 billion. That is not a lot of money. Someone said earlier today something to the effect, "What's a billion?" However,

when you are from a small poor province, a billion dollars is a lot of money.

During the time that I was wrestling with that budget, and with the myriad of problems that we have down east—which I will not go into today—and during that same eight or nine month period in that same year when I was attempting to make that $1.3 billion pay for all of those services for the little province of New Brunswick, the federal government of the day had given more than that amount to Canadair. That is fine and dandy, but to me, that did not seem fair since, today, we cannot even sell Canadair.

My point is that every time you criticize and compare, there are other criticisms and comparisons that come to mind. I understand what Senator Gigantès was saying when he alluded to other payments that the government was making. However, when we look at the figures, we see that the number of children living in poverty increased from 896,000 to 1,131,000 from 1980 to 1983. While those figures were increasing, the government of the day was able to spend $1.3 billion in an eight or nine month period bailing out Canadair. There are, therefore, always these imbalances and these frustrations and I doubt if we in this chamber will live long enough to see a better system in place.

Honourable senators, a lot has been said in committee and in pre-study of this bill. I am sure that a lot more will be said about it, but I am satisfied that the government of the day is moving in the right direction. It may not help as many children as we would like to help, but at least with a combination of these various changes, we are gradually moving toward putting more money in the pockets of the poorest people of this country.

I would strongly urge the government, in subsequent budgets, to increase that trend and start moving more money away from the "haves" to the "have nots." You cannot buy your way out of it by adding to the pot. I really believe that there must be some sort of redistribution. When the bill comes to us, it will be interesting to see whatever amendments have been made. However, I hope that we will look at the bill in combination with the other changes that the Minister of Finance has suggested. I also hope that the Senate will urge the government to continue moving in this direction so that the poorest children in Canada will receive more.

The Hon. the Speaker *pro tempore:* Honourable senators, if no other honourable senator wishes to speak to this order, it is considered debated.

CANADA-GREECE RELATIONS

Hon. Phillipe Deane Gigantès rose, pursuant to notice of Tuesday, December 17, 1985:

> That he will call the attention of the Senate to the relations between Canada and Greece.

He said: Honourable senators, the relations between Canada and Greece constitute an embarrassing subject to me because I am a Greek citizen, but I am a Canadian, first last and always. I am, of course, interested in good relations between the country of my birth and the country that has been so generous to me, as Canada has. I find, however, that, without any ill-intention, we are taking certain steps that are putting these good relations at some risk.

The Government of Canada has agreed to give 20 re-conditioned fighter planes to Turkey. We were told in this chamber that these planes were offered to Greece back in 1981 but that Greece showed no interest. However, in 1981, these planes were not offered in a re-conditioned state. When they were offered to Turkey, the offer was changed. These planes have now been reconstructed and they will be some addition to the military potential of Turkey.

It may be that they were offered as part of an inducement set forth in front of the Turks by a former cabinet minister of this government in order to convince them to buy a Candu reactor. I am all for selling our Candu reactors. They are fine reactors and our nuclear industry needs to sell them. The research that goes on in order to keep each newly-built Candu reactor at the fine point of technological progress is good for Canada. So, if we send a Candu reactor to Turkey—and, in essence, we will not sell it, we are giving it away because we will receive figs in exchange, literally—the nuclear reactor's spent fuel could be used to make nuclear weapons. That and the warplanes have a kind of symbolic effect. Perhaps Turkey will never break its agreement with Canada to not use the spent fuel from the Candu reactor to make a nuclear bomb; perhaps it will never use the 20 planes against Greek forces, but there are 140,000 Turkish troops along the western Turkish coast facing the Greek Islands with landing craft. It is a question of perception. The Greeks ask themselves what those troops are doing there and why landing craft provided by NATO are in Turkish ports facing the Greek Islands. There is unease, and Greece spends an enormous amount of money placing troops on those islands to protect the people there against the possibility of an invasion. When one sees an invading force a few miles away with landing craft, one has to provide for the possibility that somebody will go crazy and start a war.

Canada has always been exemplary in trying to smooth these problems, in trying to act as a kind of referee between the Greeks and the Turks. In Cyprus, Canadians have been marvellous doing this delicate, desperately difficult job of keeping two ethnicities that have learned over a thousand years to be suspicious of one another from getting at each other's throats. We have not always been successful because the Turks did invade. But there have been situations, many of them one after another, where Canadians, with the trust they have earned on both sides for their impartiality, have been able to step in and keep matters from getting worse. Now we have Canada appearing—I am not saying it is doing it—to be favouring Turkey over Greece. That is bound to affect Canada's very valuable role as an impartial intermediary, as a civilized presence that lessens the risks of violence and war and brings a measure of Canadian civility to a region that has been much tried by violence.

I beseech the government to look at this again to see if there is some way that it could correct the impression that has appeared in the Greek press and in speeches by Greek politicians that Canada is turning its back on its traditional impartiality and is currently favouring the Turks. I do not believe that is what has happened, but I beseech the government to make sure that nobody in Greece believes that.

I thank honourable senators for their attention.

Hon. Henry D. Hicks: Would the Honourable Senator Gigantès permit a question?

Senator Gigantès: Certainly.

Senator Hicks: Is it not true that Canada also offered these planes, or an equivalent number, to Greece and that Greece declined them?

Senator Gigantès: Yes. In 1981 those planes were offered to Greece, but "as is"; in the condition in which they were. At that time those planes were not, as my fellow Quebeckers would say, "n'étaient pas un cadeau"; they were not much of a present because they were planes that were not in good condition.

When the former Minister of Defence, the Honourable Robert Coates, went to Turkey he changed the offer and said that Canada would reconstruct those planes and make them new. That was not the nature of the offer made to Greece.

Senator Hicks: I understand that the honourable senator dealt with this question while I was called out of the chamber. I apologize for asking him to repeat.

Hon. Peter Bosa: Honourable senators, since Senator Gigantès would like to find out what the thinking of the government is behind this move, could he not put a question on the order paper so that he will receive a direct reply from the government on the subject?

Senator Gigantès: Honourable senators, I expressed in my Inquiry the belief that the government's intentions are not bad; they are not against Greece. What I am speaking about is an impression that is being created. I think it has been created by mistake and not with any ill intention. That is why I chose the avenue of expressing a wish and a request rather than asking the government if it has any ill intentions because, of course, it will tell me that it does not have any ill intentions and I would believe it. I think something has to be done, and that is why I chose the Inquiry route.

The Hon. the Speaker *pro tempore:* If no other honourable senator wishes to participate, this Inquiry is considered as having been debated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Friday, December 20, 1985

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

Prayers.

PETITIONS

On calling of "Presentation of Petitions":

Hon. Jacques Flynn: There may be no petitions in this chamber, but in the other place there are thousands of them.

Senator Petten: Do you want some?

Senator Flynn: Why not? I challenge you to do it.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, after watching the proceedings yesterday, I hazarded the beginnings of a limerick:

If you happen to see Ray Hnatyshyn,
Do not mention the word "petition."

Senator Fairbairn, on hearing this beginning, came up with a full limerick, which is:

We grieve for a man named Hnatyshyn
Who thrived during tough opposition,
But the government game
Brought him dubious fame
As a House Leader foiled by petition.

Hon. Senators: Hear, hear.

CRIMINAL CODE

BILL TO AMEND (LOTTERIES)—REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Hon. Joan Neiman: Honourable senators, I have the honour to present the Twelfth Report of the Standing Senate Committee on Legal and Constitutional Affairs respecting Bill C-81, to amend the Criminal Code (lotteries), without amendment, but with observations and recommendations.

A Clerk at the Table:

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its Twelfth Report—

Hon. Jacques Flynn: Honourable senators, this is a most interesting report but it is five pages long so, perhaps, we could dispense with the reading of it because, ultimately, and despite the observations, the bill is reported without amendment.

However, I do not mind if honourable senators want to have the report read.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I suggest that we dispense with the reading of the report until we deal with it later this day. Meanwhile, we will circulate the report. I think that it bears reading and that the reading of it completes the debate, in a sense. We may wish to debate some of its aspects, but it is a report that has a lot of support on both sides of the house.

Hon. C. William Doody (Deputy Leader of the Government): And third reading of the bill will take place later this day.

Senator Frith: Third reading of the bill will take place later this day. Let us deal with the report on third reading.

Senator Flynn: Dispense.

(*The text of the report follows:*)

Friday, December 20, 1985

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

TWELFTH REPORT

Your Committee to which was referred Bill C-81, intituled: "An Act to amend the Criminal Code (lotteries)", has, in obedience to the Order of Reference of Wednesday, November 27, 1985, examined the said Bill and now reports the same without amendment but with the following observations and recommendations:

Bill C-81 is a proposed Act to amend the *Criminal Code* in relation to "lotteries", or gaming and betting in general. But it is also one element of the federal government's fulfillment of its perceived obligations pursuant to an agreement entered into with the provinces in June 1985. Under that agreement, the provinces promise to pay, through the agency of the Interprovincial Lottery Corporation, $100,000,000 to the federal government and to discontinue certain litigation between the Corporation and the federal government. In exchange, the federal government has promised to do several things:

(i) to introduce amendments to Part V of the *Criminal Code*, removing the permission therein for the federal government to conduct lotteries and other forms of gaming; and to make changes to other provisions dealing with gaming;

(ii) to refrain from re-entering the field of gaming and betting, and to ensure that the rights of the provinces in that area are not reduced or restricted;

(iii) to use its "best efforts" to ensure that the winding up of the Sports Pool Corporation and Loto Canada Inc. are accomplished; and

(iv) to discontinue the appeal to the Supreme Court of Canada of the decision of the Quebec Court of Appeal in the case of Attorney General of Canada v. Loto-Quebec.

The proposed amendments to the *Code*, under the agreement, are to be subject to "consultation" with the provincial attorneys general, and the federal government is to use its "best efforts" to ensure that they are passed and proclaimed in force no later than December 31, 1985. One of the principal objectives of the agreement is to provide funding for the Winter Olympics in Calgary, Alberta in 1988.

The Committee has a number of concerns with regard to Bill C-81, and with regard to the agreements from which it derives. These concerns have reference to both its substance, and the process by which it was developed. At the outset, however, we wish to make it clear that we do not feel legally constrained by the "deadline" of December 31, 1985 contained in the agreement. The advice the Committee has received convinces us that the agreement is a political arrangement between the federal government and the provinces, and is not legally enforceable as such, in the sense that there could be justiciable remedies for default of any of the "obligations" in it. Thus, we do not feel that the Committee could put the federal government in legal jeopardy by the manner in which we deal with the Bill. In any event, we are also satisfied that, in presenting this Bill to the Senate, after having secured passage in the House of Commons, the government has used its "best efforts", as required in the agreement, to have the amendments proclaimed.

We now turn to the question of process—how this legislative initiative developed and was submitted to Parliament. The genesis of the proposed amendments to the criminal law embodied in Bill C-81 was unusual, to say the least. They first appeared, in draft form, in a schedule to the June 1985 agreement. That agreement was signed not by the federal Attorney General and his provincial counterparts; but by the Minister of Fitness and Amateur Sport and the ten provincial ministers under whose authority permitted lotteries and gaming fall. Notwithstanding the reference in that agreement to consultation with ministers responsible for the administration of justice, we are not satisfied that this was ever adequately done.

In an appearance before the Committee a representative of the Attorney General of Ontario took the position that the customary process by which changes to the *Criminal Code* are made was not respected in the case of this Bill. He outlined the usual process which accompanies such amendments, including the following:

—An idea for change is studied by the Law Reform Commission or the Criminal Code Review Section of the Department of Justice. The idea can originate within the government, from the public, or from a body such as the Uniform Law Conference.

—Formal substance is given to the idea in the form of study papers, working papers or reports from the Law Reform Commission or the Department.

—There are multilateral and bilateral consultations among federal and provincial departments of justice, involving telephone communications, formal meetings and written exchanges. Often, there is also extensive consultation with the public at this stage.

—The federal Department of Justice prepares a position with respect to provincial or public concerns. That position is presented to the Cabinet.

—Following approval by the Cabinet, a legislative draft is prepared, and then a draft bill. The draft bill is often circulated through the foregoing process again.

—Finally, the bill is introduced in the Senate or House of Commons, where again there can be input from the public and provincial governments in either or both Houses of Parliament.

According to that official, this customary process was not followed with respect to Bill C-81. In his view the amendments were prepared in haste, without very much consultation. While he does not expect that entire process to be necessary with every change to the *Code*, he took the position that at least some of its elements could have been respected. He was, however, careful not to lay the blame for this at the door of the federal Department of Justice.

The Committee finds itself in substantial agreement with the submissions made by the representative of the Attorney General of Ontario with respect to this issue of process. We believe that even minor amendments to the *Criminal Code* (and we, as will be seen, do not believe that the amendments in Bill C-81 are in any way "minor") should be the subject of thorough and careful consultation with the law officers of the provinces who are directly responsible for the administration of justice in their jurisdictions. The process described above should be abridged only in very exigent circumstances. Those circumstances did not exist with respect to this Bill. A representative of the federal Department of Justice who appeared before us took the position that no formal or even informal process is required before the federal government can exercise its jurisdiction over substantive criminal law. This is no doubt constitutionally correct, but surely, in our federation, it makes eminent good sense to have and foster cooperation between federal law officers who formulate our laws and their counterparts who administer those laws. In this regard, it is instructive to note that even the federal justice official who appeared before us expressed some frustration with the process in this case, particularly in relation to the inclusion of the deadline in the agreement.

The Committee has taken steps to consult with the provinces on this Bill. As noted above, we heard submissions from the Province of Ontario. We also communicat-

ed with the attorneys general of the other provinces. Only one other attorney general, the Honourable Roland Penner of Manitoba, has directly contacted the Committee to inform us of his general satisfaction with the Bill. We proceed on the assumption that the other provinces also do not have significant objection to it. We would urge that, in the future, ministers responsible for the administration of justice be involved in the formulation and consideration of all amendments to the criminal law, and that the customary consultative process with the provinces with respect to such amendments should only be disregarded or abridged in exceptional circumstances.

We now turn to the substance of the Bill. In his appearance before the Committee, the Minister of Fitness and Amateur Sport indicated that the Bill would essentially do two things: remove the exemption which the federal government now enjoys from certain lottery and gaming offences, and "clarify" the law with respect to other provisions in Part V of the *Criminal Code*. In subsequent testimony from officials of the Department of Justice, however, it was submitted that the amendments to Part V would impose further restrictions with respect to some gaming offences; and, on the other hand, somewhat widen the scope of gaming which can be conducted, or permitted, by the provinces.

On this issue of the real effect of the amendments the Committee heard a considerable amount of conflicting interpretative evidence. An understanding of the issues in this area is rendered difficult by the almost impenetrable language of Part V. It is a complex and confusing part of the *Code*, and we look forward to an early revision which we understand is part of a larger project to review the whole statute.

As we understand it, Bill C-81 would do the following, in addition to removing the federal government from lotteries and gaming:

1. It would broaden the exemption in s.189(3) in respect of certain games to apply to "annual fairs and exhibitions" rather than only to agricultural fairs or exhibitions, so that fairs involving fish products could take advantage of the exemption.
2. It would allow all those who are provincially licenced to conduct gaming under s.190 to use wheels of fortune. At present, only a restricted few licencees are so permitted.
3. It would forbid betting or pool-selling on a race, fight or single sporting event under s.190. At present, it is arguable that, those who are permitted to conduct lottery schemes or games may become involved in such betting and pool-selling.
4. It would restrict the availability of gaming computers and video devices, as well as slot machines, to lottery schemes actually conducted and managed by the provinces. At present, it is arguable that, those who may conduct gaming under provincial licence are not precluded from using these devices.

These last two matters are a subject of some controversy. According to officials of the federal Department of Justice, the 1983 decision of the Quebec Court of Appeal in the case of Attorney General of Canada v. Loto Quebec has resulted in betting and pool-selling, as well as slot machines and similar devices, being legally available to those who are permitted to conduct gaming and lottery schemes under s.190. Thus Bill C-81 would place new restrictions on their use. The representative of the Attorney General of Ontario takes the position, however, that that decision is far from clear on these issues and that the permission to use slot machines, in particular, is a significant expansion of the law. The Committee heard extensive evidence from officials of the Ontario Provincial Police, and received submissions from other law enforcement authorities as to some possibly serious consequences that might flow from the enactment of Bill C-81. Reference was made to the possible involvement of organized crime in casino-type enterprises which might be established. They expressed particular concern with the possibility of the legitimate use of slot machines. In their view, this would be a major step towards Nevada-style gambling, and all the problems of violence and corruption which might result.

We recognize the seriousness of these concerns, and would not wish to minimize them. However, gaming and lottery schemes which would be permitted under revised s.190 are under provincial control. It should be noted, in addition, that slot machines would only be available when under the direct management of a province. If a province wants to avoid the potential effects of the use of such devices it is within its power not to allow their use.

These witnesses did make a valid point when they stressed that the degree to which the negative consequences of gaming and lottery schemes are avoided is dependent on the rigour of provincial control. We heard evidence to the effect that, in those provinces where substantial legitimate gaming is carried on, the control is quite effective and that there has been no perceptible change in the incidence of criminal behaviour which might be thought to accompany that activity. The Committee notes that the province of Manitoba has introduced a system of control of permitted gaming that might well be emulated by other provinces.

Another matter which concerns the Committee is the scope of licenced gambling. We would urge the provinces to apply strict and, as far as possible, uniform criteria with respect to identifying those charities, religious, and non-profit organizations which should be permitted to conduct and manage lottery schemes. This would contribute to the exclusion of any potential participation by organized crime. The Committee also recommends that consideration be given to amending sub-section 190(3) to

make it an offence to contravene the conditions or requirements of a provincial licence.

The Committee has concluded that Bill C-81 should be approved without amendment. Our concerns with respect to the process of its development and passage in the House of Commons remain, however. We have felt constrained to go into some detail in this report, because these issues were not canvassed in an adequate fashion in the House, where the Bill was considered, in Committee of the Whole and on third reading, in one afternoon. We would also reiterate our plea that, in the future, the federal government should allow for as much consultation as is possible with respect to amendments to the criminal law. Although we recommend no amendment to the Bill we would urge the Department of Justice to monitor the operation of the changes very closely. In the future, if some of the negative consequences alleged to flow from the Bill should come to pass, we believe that the federal government should not hesitate to take initiatives to re-enter the area and bring them to a halt with appropriate amendments to the *Criminal Code*.

Respectfully submitted,

JOAN B. NEIMAN
Chairman

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

On motion of Senator Nurgitz, with leave of the Senate and notwithstanding rule 45(1)(b), bill placed on the Orders of the Day for third reading later this day.

QUESTION PERIOD

[*English*]

REQUEST FOR ANSWER TO WRITTEN QUESTION

Hon. Eymard G. Corbin: Honourable senators, I should like to ask the honourable government leader if he is in a position to inform me today of the time at which I should expect an answer to my written question of 12 February 1985 which has been put on the order paper since that date. I suspect that the government house leader may well give me the same answer he gave me the last time; namely, that it is not a matter within his control. However, I thought he indicated that he would have another look at it and perhaps come back to me. Is he now in a position to do that?

Hon. Duff Roblin (Leader of the Government): Honourable senators, although I am not the government house leader, I will answer the question just the same. Written questions, as my friend intimates, are really not handled through my office at all. They are handled through the Clerk's office in both this and the other place. But if he wants someone to ask the Clerk where the answer is and when we will get a reply, I will be glad to take that on.

Senator Corbin: I thank the honourable senator for his answer. Honourable senators, I direct my question to the Chairman of the Standing Committee on Standing Rules and Orders. Could he inform me if this matter has been put on the agenda of that committee for study?

Hon. Gildas L. Molgat: Honourable senators, in reply to that question, yes, the matter was raised at the last meeting of our committee and it is on the agenda. I presume that it will be discussed at the next meeting of our committee. Since our last meeting, some proposed new standing orders for the House of Commons have been introduced in the other place. One of those standing orders deals with this matter. Some changes have been proposed there which our committee may, of course, consider. One change is basically an addition to the rule indicating that no member shall have more than four written questions to a ministry on the Order Paper at any one time.

Specifically on the item about which the Honourable Senator Corbin is asking, a member may request that the ministry respond to a specific question within 45 days by so indicating when filing his or her notice of written question. Whether our committee would wish to follow the same sort of approach I do not know, but the matter is before the committee.

[*Translation*]

BUSINESS OF THE SENATE

CHRISTMAS RECESS

Honourable Jacques Flynn: Honourable senators, I have a question either for the Leader of the Government or his Deputy.

Under our rules, when we adjourn today either before or at 6 p.m., we would normally return next Monday. I wonder if those who haven't resigned themselves to being here on Monday should make reservations.

[*English*]

Hon. Duff Roblin (Leader of the Government): That is a question that I am sure is of interest to all honourable senators. The short answer is: I wish I knew. I can, however, give some idea of what I think is going on in the hope that it might be of assistance to honourable senators. My information is that the question as to what they are going to do in the other place is still being actively canvassed by the house leaders. I know for certain of no arrangement that has come out of that which would allow the houses of Parliament to rise today. But, as I have said on a previous occasion, I am full of hope. I would not like to foreclose the possibility that some agreement will be arrived at. What do we do in the meanwhile? What I would suggest is that we carry on with our order paper—I foresee a number of interesting debates—that we work our way through the agenda and see what happens when we reach the end of it. Should we complete our agenda by, let us say, 4 o'clock and there is still no word from the other place, but no positive sign that no agreement will ever be reached—in other words, the

subject is still open—then I would suggest that we adjourn until 8 o'clock tonight and see what the result is then.

Should nothing transpire by then to relieve the blockade, I think we are duty bound to return here on Monday afternoon at 2 o'clock, and it would be my intention to suggest that that is what we should do.

I should say, to show what an optimist my honourable colleague is, that he has considered the possibility of Royal Assent some time this afternoon if the blockade is lifted in the other place.

Hon. C. William Doody (Deputy Leader of the Government): We might have it, anyway.

Senator Roblin: We might have it anyway—

Hon. Royce Frith (Deputy Leader of the Opposition): We have some bills before us.

Senator Roblin: Yes, we have other bills before us. We may very well have Royal Assent this afternoon, anyway, but the time is uncertain. That is pretty inconclusive, I am sorry to say, but that is the state of play at the moment.

Hon. H. A. Olson: May I ask a question of the Leader of the Government? I thought I heard him say that he knew of no agreement that would indicate that the government could adjourn today. I was under the impression that there was already a motion adopted by the other place that they would adjourn today. Unless something intervenes in connection with that motion, then the adjournment will take place at 6 o'clock.

Senator Roblin: My friend may be right. I am not aware of exactly what they are going to do, and I have learned not to try to predict. I will wait and see.

Senator Frith: As I understand it, they need unanimous consent to sit past 5 o'clock today.

Senator Flynn: It is a rule.

Senator Frith: It is a rule. We do not need to speculate about that. Of course, there is always the possibility that the Speaker might be asked to call the house back for Monday. That exists as a possibility. But I do not see any logical possibility of a blockade and unanimous consent. If they were going to give unanimous consent, there would not be a blockade—or perhaps "deadlock" is a better word to use.

I do not want to give the impression, by silence, that I fully support this suggestion that if they do not resolve their differences in the other place, then we have no choice but to sit on Monday. However, I do not want to get into an argument about that. We may have to have an argument about it later. I just do not think it follows, as night follows day, that if the House of Commons, bound as it is by its rules, adjourns at 5 o'clock, we should feel duty bound to come back on Monday because of the possibility of the Speaker calling the House of Commons back. But why anticipate that? It may never happen. Let us talk about it if it does happen.

Senator Roblin: On the very sound principle of not anticipating the matter, I simply say that it would be the government's view that if the House of Commons does meet on Monday, it would be our duty to be here to deal with any legislation they might conceivably send us.

Senator Frith: That is quite a different matter. If it is clear at 6 o'clock that they are coming back on Monday, then that is quite different. But if it is not clear at 6 o'clock that they are coming back, then all that we will be doing is sitting and waiting to see whether the Speaker is going to call them back. That is where we might have some difference. However, I do not quarrel with the point just made by the Leader of the Government.

Senator Roblin: I hope that contingency will not arise. But if, whenever we adjourn this afternoon, there still seems to be a possibility that there might be a Monday sitting, I think we shall have a choice. We have the choice of either coming back at 8 o'clock to get the final word or adjourning at the end of our session this afternoon to Monday afternoon at 2 o'clock as the rules of the Senate provide. So it is Hobson's choice.

• (1410)

Senator Frith: We are still having the same trouble over the word "possibility", so let us leave it.

OFFICIAL REPORT

Hon. Eymard G. Corbin: Honourable senators, I rise on a point of order to correct something that was put on the record by myself earlier this week in the course of an exchange with the Leader of the Government in the Senate. In relation to the United Nations resolution on Afghanistan and Iran, I indicated that I had called the Department of External Affairs in Ottawa only to find out that no one was available because they were out on a little Christmas party. I would not want to be the object of the ire of those devoted employees here in Ottawa. They were not the people to whom I should have referred. The employees who were having their noontime, lunchtime Christmas party are with the Canadian delegation to the United Nations, not the public servants here in Ottawa.

REPRESENTATION BILL, 1985

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Doody, for the second reading of the Bill C-74, intituled: "An Act to amend the Constitution Act, 1867 and the Electoral Boundaries Readjustment Act and to provide for certain matters in relation to the 1981 decennial census".—(*Honourable Senator Stewart (Antigonish-Guysborough)*).

Hon. John B. Stewart: Honourable senators, it is interesting how often we look back to those days in the 1860s when the Constitution of Canada was being hammered out. When we look back to those debates we find that there were two matters

which attracted major attention, and they are not matters that might attract major attention nowadays at a federal-provincial conference. One was the insistence of the representatives of Upper Canada, particularly George Brown, that the lower house of the proposed Parliament be based on representation by population. The reason Brown and his friends were so determined that there should be representation by population, of course, was that they felt that the representation law which prevailed in the old province of Canada had been most unfair to the larger population of Upper Canada in the previous decade, that law being based on equal representation from each of the two parts of the province notwithstanding that their populations were unequal. The second great matter was the need for a strong, active Senate, a Senate which was to defend the Province of Quebec and the so-called "lower provinces" against the anticipated dominance of Ontario.

It is very difficult to discuss the matter of representation in the House of Commons apart from a discussion of the nature of the Senate and its powers. I shall desist from the second part of that discussion after saying one thing. It is important to remember that it was never anticipated that certain bills coming from the House of Commons would be exempt from the famous sober second thought and, indeed, even rejection after sober second thought by the Senate. That applied equally to what some now call money bills and non-money bills. Indeed, it was the intention that the Senate would be able to protect Quebec and the lower provinces especially with regard to taxation and expenditures. That is the only point I wanted to make at this time with regard to the Senate.

Going back to the question of representation in the House of Commons from 1867, up to the present time there have been three different approaches. Now a fourth variation is being proposed. I think it is important to survey those three approaches because they show how difficult it is to achieve an entirely satisfactory arrangement in a country such as Canada. Our provinces are relatively few in number; that distinguishes us from the United States. In addition to that, we have some relatively small provinces and we have some provinces which, in American parlance, would be called "empire provinces"—Quebec, Ontario and now British Columbia, with Alberta pushing hard. Moreover, the population is not scattered out through a great rectangle; it is drawn out along a long line from Atlantic to Pacific. Representation is not easy.

From 1867 to 1946, the scheme was based on assigning 65 constituencies to Quebec and, generally, all the other provinces had a proportionate number. If the population of another province was double that of Quebec, then it would have 130. On the other hand, if it had just a little more than half the population of Quebec, it would have 33 constituencies. There were some variations of this basic rule, as senators know, right from the beginning when Manitoba came in and when British Columbia came in. Later on, special arrangements were made to accommodate the needs of Prince Edward Island and New Brunswick. However, the basic scheme was 65 for Quebec with the others having proportionate numbers, with certain modifications to take care of special situations.

By the end of World War II, this first approach had been found generally unsatisfactory, so it was decided that, instead of proceeding by using what one might call a benchmark—in other words 65 for Quebec—a target size for the House of Commons should be selected. The target size that was selected was between 260 and 265 members. The House of Commons would then be divided among the several provinces, basically, in proportion to their several populations, but with certain exceptions. The exceptions were the so-called Senate floor, which protected Prince Edward Island from having fewer than four members in the House of Commons, and which protected New Brunswick, in effect, from having fewer than ten members. Then there was the 15 per cent rule, which was that no province was to lose more than 15 per cent of its representation at any redistribution.

That is the arrangement that prevailed for almost 30 years, from 1946 to 1974. However, by 1974, it was generally agreed by members of the House of Commons that that approach—using a target size for the house—was unsatisfactory. They thought that it was unsatisfactory for two reasons. The first of these was that the population of Canada had become concentrated in, at the most, four provinces. In addition to that, within even those provinces, the population of Canada was concentrating into three or four major cities, with the result that the rural areas were under-represented. When we talk about the rural areas being under-represented, we think chiefly of the great northern constituencies, but we have to remember, honourable senators, that in terms of the work of representation, it is the constituencies that border on relatively warm water which provide the greatest amount of federal activity. There are active fisheries and there is the need for navigational facilities and navigational aids.

I remember when I was first elected to the House of Commons, my seatmate was from York Centre in Ontario. I had one of the smallest constituencies in Canada in terms of population; he had the second largest. Suddenly he said to me, "You work much harder on your constituency work than I do." I said, "Yes, I guess that that is so." He then asked me, "What kind of work do you have?" I reversed the question and asked him, "What kind of work do you have? How many wharves do you have?" He answered, "None." I then asked him how many breakwaters he had. He answered, "None." I asked him how many canals he had, and he again answered, "None." I asked him if he received letters from constituents, and he answered, "Yes." I asked him what those letters were about, and he answered, "Immigration matters." That was the one big topic of his letters.

• (1420)

As Senator Muir can confirm, anyone who has a constituency bordering on warm water has all sorts of problems which, if they cannot be dealt with today, must be dealt with tomorrow. Those are matters of great urgency and of real significance to the people who make their living in fishing and in other rural and sea coast activities.

One of the problems with the 1946 to 1974 arrangement was that it was working to the disadvantage of those constituencies

that bordered on warm water and, of course, of those constituencies located in the great northern area of several of the provinces. In order to deal with these two key problems—concentration in a few provinces and concentration, indeed, in a few cities—the so-called amalgam method was adopted with general agreement by the House of Commons. It is worthwhile looking at the amalgam method, because that is what the current bill proposes to abolish.

Senator Frith: When was that?

Senator Stewart: In 1974. The amalgam method, which addressed the real problems of representation, is now being put aside by Bill C-74, as introduced by Senator Flynn.

The amalgam method is not a simple method, because it addresses three different situations. First, it was designed to protect the so-called small provinces—those with populations under one and a half million, without introducing a new set of what we could call artificial floors, floors comparable to the Senate floor. Second, it was designed to prevent traumatic reduction of representation in the rural areas of the large provinces. That is why there is provision in the law for additional seats for Quebec. As honourable senators know, the law with regard to the large provinces is that they are to be treated equally with Quebec. Under the law a province with a population over two and a half million is regarded as a large province, and those provinces after 1981, or after 1991, under the present law, are all to be treated as Quebec is treated. Originally, that meant Quebec and Ontario; now British Columbia has moved up into the category of "large province."

The third arrangement was for the intermediate provinces. Here the intention was to provide for a more rapid increase in the representation of the fast growing provinces. Initially these were British Columbia and Alberta, but now, of course, only Alberta. British Columbia has become a large province. It was to provide a rapid increase in representation of these fast growing provinces until such time as they moved over into the category of "large provinces."

Senator Frith: Which ones were they again?

Senator Stewart: British Columbia and Alberta.

Senator Frith: The intermediate ones?

Senator Stewart: The intermediate ones were British Columbia and Alberta.

Senator Frith: They were also the fast growing ones?

Senator Stewart: They were the fast growing ones, that is correct; but British Columbia, after 1981, is a large province.

Under this system the size of the House of Commons was not regarded as a target. In other words, they moved away from the notion that they started with a pie of a certain size and then split it up more or less fairly. They addressed the needs of the three different categories of provinces. They accepted a House of Commons of the size produced by the remedies needed to deal with the real requirements. That was the basic arrangement.

What the government has done in Bill C-74 is to focus on the question of the size of the House of Commons; in other words, instead of focusing on the needs of the three different categories of provinces, the small, the intermediate and the large, they have become keenly concerned about the size of the House of Commons which results from dealing with the real requirements in each of these three categories. Basically, what we have here is a proposal to revert back to the 1946 approach, to define the size of the house roughly and then split it up. It is a reversion to the 1946 approach—a reversion with a vengeance.

The four largest provinces will come under clause 2, which provides a new section 51(1) of the Constitution Act, 1867. That clause reads:

> The number of members of the House of Commons and the representation of the provinces therein shall, on the coming into force of this subsection and thereafter on the completion of each decennial census be readjusted by such authority, in such manner, and from such time as the Parliament of Canada from time to time provides, subject and according to the following rules:
>
> 1. There shall be assigned to each of the provinces a number of members equal to the number obtained by dividing the total population of the provinces by two hundred and seventy-nine and by dividing the population of each province by the quotient so obtained, counting any remainder in excess of 0.50 as one after the said process of division.

The second rule applies to those provinces which are exempt. In effect, we have rule 1 which will apply to Quebec, Ontario, British Columbia and Alberta. For the other six provinces, rule 2 will apply. What rule 2 does is create a floor for each of those six provinces. Each of those six provinces, in effect, is not to have a number of members lower than it has at present.

Under the existing law two of our provinces rest on what we could call the old Senate floor. Prince Edward Island has four and New Brunswick has ten. Under this proposed new arrangement, six provinces will rest on a floor. Prince Edward Island will rest on a floor of four and New Brunswick ten. Nova Scotia will rest on a floor of eleven. Manitoba will rest on a floor of fourteen; Saskatchewan will rest on a floor of fourteen; and Newfoundland will rest on a floor of seven. We have four new floors out of a total of six floors.

● (1430)

Honourable senators, what is wrong with this whole new plan? I suggest to you that, in some cases, it accords quite unequal treatment. Let us compare the treatment of the province of Saskatchewan with the treatment of the province of Newfoundland. If we look at the figures Senator Flynn kindly provided for us, we will see how much better Saskatchewan comes off than Newfoundland. That is true for 1981, for 1991 and for 2001.

Perhaps the easiest way to present this is to tell you how many people there will be in each average constituency in those two provinces after each of those redistributions under

this plan and using the population figures provided by the sponsor of the bill.

After 1981, in Saskatchewan, each of the constituencies would have, on the average, 69,165 persons living in them; but poor Newfoundland, with seven seats, would have constituencies with 81,091 persons, on the average, in each.

After 1991, Saskatchewan would have fourteen seats as before, and the size of the average constituency would be 78,235; but Newfoundland, with its seven seats, would have an average constituency of 91,271. That is higher than any other province except British Columbia, Alberta and Ontario. It is even higher than Quebec. How can you defend that?

For the year 2001, Saskatchewan would have 14 seats again and Newfoundland would, again, have seven; but in Saskatchewan the average population of a constituency would be 84,442, and in Newfoundland, honourable senators, it would be 99,714. That will be the highest average size of constituency in any province except Alberta. In Newfoundland, a far-flung province with a great deal of federal activity, the size of the constituencies, in terms of population, will be the highest in Canada except for the province of Alberta.

Surely, there is not a senator from Newfoundland who would not agree that that is unacceptable. I have now illustrated one thing that is wrong with the present plan. There are specific instances in which it is eminently unfair, and I should think that any Newfoundland senator would be on his feet deploring and, indeed, denouncing this proposal.

The second thing that is wrong with the government's plan as set forth in Bill C-74 is that it introduces a new lack of flexibility among the six smaller provinces. Unless their populations suddenly zoom, they are all to be at a floor.

The third thing that is wrong with the government's plan is that it has the effect of putting a squeeze on the representation of the rural areas of Quebec, Ontario, British Columbia and Alberta. Even the large provinces, which come out relatively well under this plan, are squeezed in terms of the rural areas, where people find it far more difficult to consult with their members of Parliament and to get the services they need than those living in urban areas. Very often, urban people have access to other counsellors and other offices from which they can get information and assistance. It is most unfair to rural Quebec; to northern Ontario; to rural British Columbia; and to many parts of Alberta. I should think senators from Quebec would be unhappy about that.

Senator Flynn: Confine yourself to your own problems.

Senator Stewart: I am always glad to have the assistance of Senator Flynn with any matter regarding Nova Scotia, and I hope he will not resent a comment with regard to adequate representation of the people of rural Quebec. I am really surprised that he should take that attitude towards the people of rural Quebec. It is not becoming at all to a senator who represents an entire province and not one specific area.

Yet another thing that is wrong with this plan is that it decreases the representation from the Atlantic provinces in the House of Commons. If you compare the percentage of members in the present House with the percentage of members in the House that would be produced by the application of the present rules to the results of the census of 1981, you may not become too uneasy. The explanation of this is that there are two things to be remembered. The first is the fact that Prince Edward Island, with a relatively small population, attracts four members in the House of Commons, and that distorts the percentage. The same is true, although to a lesser extent, in the case of New Brunswick which has ten members.

Because the House of Commons, under the proposed law, will be somewhat smaller, the percentage attracted by Prince Edward Island and New Brunswick will be somewhat larger. Consequently, taking the four Atlantic provinces together, you have an in-built and—in the case of Prince Edward Island—significant distortion.

What will happen will be that, for 1981, taking the four Atlantic provinces as a whole, under the proposed law the total will remain the same, but Nova Scotia will lose. For 1991, under the present law, these four provinces would attract 11.3 per cent of the members of the house, but that will drop under the new law to 10.8 per cent. Both Nova Scotia and Newfoundland will lose considerably. For the year 2001, the four Atlantic provinces, notwithstanding the distortion caused by the larger representation for Prince Edward Island and, to a lesser extent, by New Brunswick, will drop from 11.5 per cent to 10.8 per cent; yet, Nova Scotia and Newfoundland will go down sharply.

Taking Nova Scotia and Newfoundland alone, the drop would be from 6.3 per cent to 6.1 per cent in 1981; from 6.9 per cent to 6 per cent in 1991; and in 2001 the figure would drop from 7.1 per cent to 6.1 per cent in terms of members of the house.

Honourable senators, it is very clear what is happening here. Atlantic Canada is being deprived of the representation which it has now and which it would have in the future under the existing law.

Honourable senators may say, "What's new?" That is a very good question. I would ask you to look at the information Senator Flynn has placed before this chamber—taking into account, of course, the fact that there is a bad mistake in the figures relative to Prince Edward Island. You will notice that he lists the provinces starting with British Columbia, Alberta, and so on, moving east. That is not the way in which they traditionally are listed when the results of elections in Canada are shown. Those figures are traditionally listed according to the order in which the units became provinces of Canada. I have always listed the provinces in another way, beginning with Newfoundland.

• (1440)

Newfoundland, Prince Edward Island, Nova Scotia and New Brunswick before 1867 were sea-bound colonies, the territories of which could not be expanded, unlike the provinces of Quebec and Ontario. If we were to look at a map showing the Dominion of Canada in 1867, we would see that, in terms of territory, Ontario and Quebec were relatively

small. Those two provinces later were presented with vast territories and vast riches, which belonged to the people of the Dominion of Canada. In the case of Ontario, its present land mass is nine or perhaps ten times as large as that of the original province. Ontario was presented with a great gift.

Moving west to Manitoba, that province at one time was described as the "postage stamp" province. It was not a simple matter of its appearance on a map, although it did look a little like a postage stamp. It was enlarged step by step as the beneficence of the government at Ottawa assigned new lands and new riches to it.

In the cases of Saskatchewan and Alberta, these are provinces created out of the Northwest Territories and given large land masses and great riches, riches far greater than was realized when the assignment was made. In the case of British Columbia, that province, like the Atlantic provinces, is one which has retained its original size. But all the others in between have been enriched through the beneficence of the Canadian people in general.

I suppose that when we examine what is being done in this bill, there is really nothing new: Unto him who hath shall be given, and from him who hath not shall be taken away. That seems to be the attitude that is taken here. I suspect, honourable senators, that the government really does not recognize how bad a bill this is. Perhaps they thought that those who were opposing it on the other side were doing so because it permits gerrymandering, the appointment of new electoral officers and the like. But there are much more substantial reasons than those why this bill should be examined carefully, particularly by those of us who were summoned here to represent the regions of the country.

I hope that before this bill is given third reading in this chamber, we will hear witnesses from Newfoundland, Nova Scotia and Quebec who can give us an on-site reaction to what is proposed in this bill. When I say "witnesses," honourable senators, I am not referring to the sort of people who like to play a kind of mathematical game with demographic statistics. I mean those people who know something about the real problems involved in representing the people of Canada in far-flung areas of the country—people of Canada who are highly dependent on the federal government, perhaps more dependent on the federal government than on their provincial governments. Honourable senators, I hope that when the bill goes to committee we will hear from such witnesses.

Hon. Peter Bosa: Would the honourable gentleman permit a question?

Senator Stewart: I do not know whether I can give a complete answer, but I will certainly do my best.

Senator Bosa: The honourable senator has presented the flaws of the bill in an eloquent manner, but he has not proposed a solution. I would like to hear from him whether he has a solution.

Senator Stewart: I thank the honourable senator for his question. There is, at present, a law which was accepted unanimously by the House of Commons in 1974—accepted by all parties without either closure or time allocation. The process required by that law to bring in the redistribution subsequent to the census of 1981 has almost been completed. In fact, in a few more weeks it will have been completed, so there is the alternative. The alternative is not going to require our sitting here long hours; it is already on the books. Moreover, it will not require any additional expenditure, because almost all of the work, which cost several millions of dollars, has been virtually completed. There it is—there is a good law on the books. If we simply do nothing, that law will be effective and will provide a good solution—one which was found acceptable to the House of Commons in 1974 as being a satisfactory resolution of the difficult problems to which I have referred.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, we all know the context in which this bill was sent to us by the House of Commons and I do not intend to say more about it. Still I would like to draw your attention to an editorial published in the December 18, 1985 issue of *La Presse* of Montreal and entitled "Parliamentary Circus". At the very end of the editorial, signed by Jacques Bouchard, I read this:

> As to the Bill on redistribution, which will not change anything much in fact other than again increasing the number of elected MPs . . .

And we know of course how much regard journalists have for elected MPs!

> . . . it could very well be the subject of a more thorough study when the House resumes in January.
>
> Indeed, what is so . . .

and I am still quoting the editorialist.

> . . . urgent that they should decide this week . . .

This week.

> . . . on the advisability of increasing parliamentary representation from 282 to about 298 seats in the year 2001?

Of course, that is the opinion of a Quebec editorialist. I do not intend to do as Senator Flynn has suggested and get involved in the business of Quebec, any more than I want Quebecers to pry into the affairs of New Brunswick. But the scope of this editorial is universal and applies to all situations. That the legitimate interests of Quebec, of New Brunswick, or of the western provinces, which have not had their fair share in the past, are at stake, I agree.

In the case of New Brunswick, perhaps certain aspects of the bill create more concern than others. We have to remember, when as legislators we study the merit or scope of a bill such as this one, that the average people represented in the House of Commons are also, in a way, our constituents. Although we are not elected, the Honourable Louis Robichaud and I speak in this house on behalf of the citizens of New Brunswick, and we have a mandate to carry out. What I am saying is that most of the people we as senators represent in this house do not really have any idea about the effect of this

legislation or the immediate impact it will have in each of our regions in New Brunswick. I will now limit my comments to the situation in my own province of New Brunswick.

Indeed, the proportion of seats allotted to New Brunswick in the Canadian Confederation becomes increasingly smaller at each electoral redistribution. There is no denying the fact that, as more seats are given to the other provinces, even though we are protected by the number of seats in Senate as there cannot be fewer seats in the House of Commons than in the Senate, in the case of New Brunswick, the space we occupy in this federation becomes increasingly smaller each time. That is difficult to accept for one of the original partners of the Canadian Confederation.

In the case of Nova Scotia and New Brunswick, since Prince Edward Island hesitated before joining the others, I do not believe that the situation today is quite what the Fathers of Confederation had foreseen at the time. Naturally, they could not anticipate the extent to which Canada has developed, especially as concerns the western provinces and the North-west Territories. Early on, there were annexations by small provinces, which became important members of the Confederation. I repeat that they should have their rightful place in Parliament and be fairly represented. However, because of all kinds of demographic, economic and geographic reasons, New Brunswick, whose population rate of growth is excessively slow, loses more and more each time there is a redistribution of seats, at least when compared with other provinces.

What is the feeling about redistribution in New Brunswick since the people we represent have not had the opportunity to reflect on these issues which, at first glance, are not very exciting for most people? Passions will be aroused, however, when the commissioners travel around New Brunswick and tell people: "For the federal elections, we are planning to cut up your province, here with an axe, there with a knife and there with a saw." Then, you will see the mayors of small villages, and there are many of them in New Brunswick, and the mayors of small municipalities and urban centres jump up in their seats and say that they are being had. I can tell them that that is not when they will have been had. New Brunswick is being had now by the passage of this bill, because we are granting discretionary powers to the commissioners. It is true that subsection 6(b) in Part III, on page 4 of the bill, has been strengthened. This provision now states:

> (*b*) the commission shall consider the following in determining reasonable electortal district boundaries:
>
> (i) the community of interest or community of identity in or the historical pattern of an electoral district

This has been strengthened, but otherwise, the commissioners are given a great deal of discretion. Whatever the legislator might say, however the will of Parliament is expressed in the bill, the commissioners will have extensive discretionary powers. Moreover, when the general public in New Brunswick finds out how this discretion is applied, as described in the commissioners' report to Parliament, I think that in a number of New Brunswick regions, some people will tear their hair and cry bloody murder, because the situation of New Brunswick—perhaps one could say the same about the other provinces, but I am not familiar with their situation—is different, being the only officially bilingual province in Canada. Things have changed since the beginning of Confederation.

[Senator Corbin.]

Special considerations were granted to Quebec because most francophones lived in that province at the time of Confederation. But they no longer live only in Quebec. There is a French-speaking cultural community in New Brunswick which will be cheated by this legislation. I want to say right from the start that I like the Diefenbaker-MacEachen formula a lot better than the Hnatyshyn formula, even though it increases slightly the total number of seats in the House of Commons. The old formula treated New Brunswick more fairly. What will happen then under the Hnatyshyn formula? As far as urban areas are concerned, the Hnatyshyn formula will not give New Brunswick a single additional seat. The Diefenbaker-MacEachen formula would have given it two more, eventually. Under this new formula, there is no gain for New Brunswick. Our relative influence in Canadian affairs is reduced in Parliament. But two more seats in New Brunswick would have reflected the population growth in our three or four major urban centres. Four major urban areas which are enormously expanding at the expense of their suburbs, eating away at the rural areas, so that the province could have received two more seats to meet the requirements of proportional representation. This way, rural areas would not have lost their ridings or representatives. That is particularly important for the francophone residents of New Brunswick, because the Hnatyshyn formula will freeze at 10 the number of seats. Because of the future population growth, especially in urban areas, there will be further inroads into rural French-speaking areas, which will again be deprived of adequate representation in the federal Parliament. This will happen, I warn you. This will startle French-speaking New Brunswickers, once they realize the artfulness of that formula which, to all intents and purposes, is freezing us until well past year 2000.

This is unfair to New Brunswick, one of the original partners to Confederation and to the French-speaking people of that province. I feel that the bill must be referred to committee. That aspect of its consequences should be considered in greater detail, because public attention has not really been drawn to the consideration of that bill. The people who looked into the legislation were members of Parliament between themselves, with their experts, the returning officers and what have you.

Ordinary citizens, the people who are to be represented by members in the other place and those we represent as senators have not really been made aware of the impact and the implications of the bill.

This is the reason why I suggest the Senate must proceed with the maximum speed possible (there is no question of blocking the bill) in order that it may go through the stages provided under ou rules.

Neither should we press on to the point of imposing closure, it was done in the House of Commons, and stop the debate for the purpose of fitting in with a possible urgent Royal Assent.

I resent proceeding in such a fashion, even though we are nearing the end of a session, and even though I am just as anxious as you are to join my family for the Christmas season.

This is a bill that goes right to the heart of Confederation. I would not want the people I represent here in Ottawa to be hurt with such a bill.

Mark my words, what I told you will happen. Commissioners are all-powerful men and women. First, they will be appointed by the Speaker of the House of Commons. The Speaker, upon receiving the commissioners' report, will refer it immediately to a committee of the House. The report will not even be debated on the floor of the House of Commons, but will be referred to a committee. There, members who have objections will be able to submit them to the committee. This committee will again report to the Speaker. The report will not be discussed at that stage, either, on the floor of the House of Commons.

This is an unheard of novelty I feel is dangerous for democracy. However, the House of Commons have voted on that aspect, and if members of that House want to restrict their own parliamentary rights, their democratic rights, that is their business! But I tell you this is a move that could be costly for them in the long run. As many others have done, they will wake up too late because they will then be under the rule of that act. They will have to abide by it until the next electoral reforms provided for in the Constitution.

Honourable senators, I could mention many other points and quote any number of figures. Anyone can interpret these tables to mean what he wants them to mean. You can juggle figures as much as you like. But I say that New Brunswick is losing on the principle, on the numerics of the system and on the rep-by-pop aspect.

You can take the same figures I would give you and interpret them to mean something entirely different. But I say that New Brunswick is losing on the deal.

This is not right. It should not be losing. In a confederation, we have to protect those who are at greater risk. Sure, give the big ones a chance. I don't mind. But it should not mean squeezing the smaller provinces. How strong will New Brunswick's voice be under this new electoral system? In absolute terms, it will be weaker. It is as simple as that. The Diefenbaker-MacEachen formula was to complement the redistribution that would normally take place after the 1991 census, and provided the demographic progression extrapolated in these figures took place, we would have twelve seats instead of ten.

I think it would be very useful for the people of New Brunswick to have twelve seats in the House of Commons. We do not need them in the Senate, since we are very well represented, when I see my honourable colleague opposite. We don't need any more seats in the Senate.

We have a duty as senators to defend these provincial interests, as we are doing today. I want to thank you for your attention, and I may decide to discuss the subject further in committee.

• (1500)

[*English*]

Senator Stewart: Will the honourable senator permit a question?

Senator Corbin: Yes.

Senator Stewart: I realize that we have here a constitutional amendment that does not require the agreement of any of the provinces. Nevertheless, many of the bills that go through Parliament are of concern to provincial governments and, accordingly, arrangements are made to advise them. Would the honourable senator regard this bill as one on which the premiers of, for example, New Brunswick, Newfoundland and Nova Scotia ought to be given an opportunity to be heard? They could either appear themselves or have an informed person appear who would know the impact of this legislation on outlying areas of the provinces and who could be of assistance to us while the bill is in committee.

Senator Corbin: I would certainly subscribe to that viewpoint. I wonder, however, whether the premiers would be interested in appearing before the committee. They would probably take the attitude that this is basically a federal matter, that they have their own problems getting elected and that, likewise, they would not want the feds telling them what to do with regard to redistribution in their own provinces. I see no harm in extending an invitation to them or to some of their people who would know all about this problem.

In raising the matter of the provincial premiers, you have reminded me of something. Only a few weeks ago Premier Hatfield of New Brunswick decided, for some reason, to appear before the Transportation Committee of the Commons when it made its tour of the eastern seaboard. I think Premier Hatfield was right when he said during the course of that hearing that when it comes to transportation, regional economic development or what-have-you, New Brunswick has a weaker voice. The federal establishment, willingly or not—and I presume that it is unwillingly—tends to complicate life more and more every time they bring in new legislation, proposals, policies or programs. I am sure that, for example, Premier Hatfield would have something to say on this legislation. However, he may be reluctant to appear. For example, the Honourable Louis Robichaud may probably have taken the attitude that, "It is not my bailiwick. It bothers me but I had better not say anything."

Senator Stewart: Premier Peckford would not be so reticent.

The Hon. the Speaker *pro tempore:* Order!

Senator Corbin: While I am on my feet, I would point out to Senator Stewart that federal members have much larger constituencies than provincial MLAs, as they are called in New Brunswick. When I was a Member of Parliament I represented the same area as six elected members of the Legislative Assembly. I was expected to be seen at all the bloody openings, ribbon-cuttings, funerals, weddings and anniversaries, as was

the local MLA. For example, Senator Simard had a nice, tiny little bailiwick in Edmunston. He was king of the mountain in Edmunston. He would sometimes say, "Where is the Member of Parliament? We do not see him here today." Sometimes that Member of Parliament was in the fifth road of the sixth settlement, in the backwoods, looking after some local problem. In that respect I think that provincial politicians and—

The Hon. the Speaker *pro tempore:* Order!

[*Translation*]

Senator Corbin: Your Honour, I have not yet finished; I still have the floor.

The Hon. the Speaker *pro tempore:* I am sorry to interrupt the honourable senator, but I should like to remind him that one can rise only once on second reading.

Senator Corbin: Honourable senators, I have been interrupted by His Honour. I do not think that His Honour ought to interrupt me when I am answering a question from an honourable colleague. I hope this will not happen again.

[*English*]

Senator Stewart, you were addressing me on the matter of provincial concerns and I was responding to that concern with an illustration, and I will take the time required to do so. I was not making a second speech.

Provincial premiers and provincial members would indeed like to have smaller federal constituencies in New Brunswick. I am sure they would be delighted to have two more members of Parliament here in Ottawa to represent New Brunswick, as proposed by the Diefenbaker-MacEachen solution. I do not think they would object to that, and even if Premier Hatfield or any other premier on the Atlantic seaboard came to us and told us that, and that only, I think we would have to pay attention to them. Thank you very much for your question.

Hon. Duff Roblin (Leader of the Government): Honourable senators, the time seems to have arrived in the course of our proceedings this afternoon when it would be convenient if the house were to adjourn for a short period in order to facilitate certain discussions. Therefore, if it met with your approval, I would be glad to move the adjournment of the Senate for a short period of perhaps half an hour, or to the call of the bell, whichever occurs first, in order that those consultations may take place. I therefore move the adjournment of the Senate.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I ask all Liberal senators to meet during the adjournment, if they can do so, in room 263-S.

The Hon. the Speaker *pro tempore:* Honourable senators, before adjourning the house, we must dispose of Bill C-74.

Senator Roblin: Perhaps I neglected to make arrangements for the continuation of the debate in the house. My hope would be that, when we came back, we would proceed from where we are now to deal with the items on the order paper, which would include a continuation of the discussion of the bill in question. While there is no name attached to the adjournment, perhaps when we come back others, including myself, will be speaking to this bill.

[Senator Corbin.]

Senator Frith: Perhaps we can then consider this a recess so that it does not need to stand as an adjournment motion. By unanimous consent, we can recess to resume in half an hour or to the call of the bell.

The Hon. the Speaker *pro tempore:* Is it your pleasure, honourable senators, to recess for half an hour and return at the call of the bell?

Hon. Senators: Agreed.

Debate interrupted.

The Senate recessed during pleasure.

At 4.15 p.m. the sitting of the Senate was resumed.

Hon. Duff Roblin (Leader of the Government): Honourable senators, at the time we took our recess we had just had an opportunity to listen to two of our colleagues who had comments to make about Bill C-74, which has been before us for a couple of days now. I want to add a short contribution to the discussion that has already taken place.

I think it might be interesting to review the way in which this legislation developed in the House of Commons, because I would not like anyone to think that, whether or not there was 100 per cent agreement as to the nature of the bill—which, of course, is unusual in that chamber, as is sometimes the case in this chamber—it did not receive a thorough examination and going over. The first stage, of course, was a white paper. A white paper on redistribution was submitted to the House of Commons in June of this year, six months ago. It was then referred to the Standing Committee on Privileges and Elections for a thorough examination of the policy implications contained in it. After that consideration had been under way, in October of this year the Government Leader in the House of Commons introduced Bill C-74. It was debated and then referred to another committee for consideration because it then represented a piece of legislation rather than a study paper.

The committee had the bill before it for some six weeks, and heard from a number of witnesses. It went through the usual clause-by-clause consideration, but I am told—and I do not know whether there is any significance to this fact—that the Liberal members did not attend any of the committee meetings. Perhaps that was to indicate their feelings towards the bill, and I presume that that was the case. In any case, they were not in attendance.

The committee reported the bill back to the House of Commons on November 21 of this year. During the report stage a number of amendments were moved, one by Maurice Foster, MP, which was accepted and which had the effect of halving the reduction that would otherwise have taken place in the representations accorded to the growing provinces. In other words, during the course of the passage of the bill through the House of Commons, on a motion by a member of the opposition, supported by all members, the impact of the bill, insofar as representation of the growing provinces was concerned, was

modified considerably. The reduction was reduced to about half of what it otherwise would have been.

I have an interesting statistic—

Senator Stewart: Would the honourable senator permit a question?

Senator Roblin: I should like to wait until the end of my remarks to deal with any questions, if you do not mind.

An interesting fact given to me is that under the current amalgam formula the province of Quebec, for example—which is one that has a particular stake in these matters—would have dropped to 23.5 per cent of the seats in the House of Commons. But under the new bill before us now, by the year 2000—15 years from now—that representation would be maintained at 25.2 per cent. So, I think it is important to know that the province of Quebec is affected in this way because in the original Confederation debates, and in the subsequent debates on representation throughout the years, the position of Quebec has always been a matter of paramount importance. So, I think it is interesting to know that that is the case.

I should also like to point out that the suggestion which was made—I think quite incorrectly—that there was a gerrymandering aspect to this piece of legislation is, in my view, quite without foundation. The commission which is in charge of the whole operation of redistribution is not a government commission. It is not appointed by the government; it is not controlled by the government. The commission is appointed by the Speaker of the House of Commons. The Speaker is the man who has the job of formulating the commission in the first place, and the chief justice of each province of Canada is responsible for naming other members to the various subcommittees established under this commission. So, it has been designed to be a non-partisan operation. The commission is appointed by the Speaker of the House of Commons in the first place; the local committees that deal with provincial redistribution are appointed by the chief justices of the provinces concerned. So, I think we can have reasonable confidence—indeed, full confidence—that there is no element of gerrymandering in this proposition. I think it is unfortunate that that concept has been introduced into the matter.

The aim of the bill, of course, is to limit the rate of growth in the number of members of the House of Commons. The House of Commons has experienced a rate of growth in its membership which has been reasonably substantial, and if the present system were left unadjusted, the growth would be very high over the next few years to the end of the century.

I am searching for my statistic on that matter. I think it would have been 87 new members in the House of Commons if we did nothing by the year 2000. Indeed, it would be 28 new members in 1985, when the next redistribution is scheduled, instead of the 13 provided for in the bill. So, it is cut in half.

I am one who is sensitive to the argument of representation by population. I regard it as being the sound, overriding principle in these matters, but I think we have all recognized that perfection in this field has never been achieved.

Senator Frith: Honourable senators, I apologize for interrupting the speech of the Leader of the Government, but I do not interrupt to ask a question.

It is now 4.30 p.m. I know that the other place is dealing with Bill C-79 by a House order. Would it be a good idea for us to decide unanimously that we sit through this evening past 6 o'clock? I mention that because in similar situations we have arranged for sandwiches and coffee to be available so that senators can continue. If we want to do that this time we had better make arrangements now. I apologize for interrupting the leader during his speech.

Senator Roblin: I quite understand. I am happy to say that my colleague, Senator Doody, anticipated this event. Sandwiches and coffee will be provided for senators, and we will proceed through the supper hour. I know there are a couple of senators who have something to say regarding Bill C-79, and I am certainly one who is willing to hear them. So, if we have unanimous consent of the house, we will sit through.

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

Hon. Senators: Agreed.

Senator Roblin: I could deal at length with the merits of the bill, but the concept is very simple; that is, to slow down the rate of growth of the number of members in the House of Commons in a reasonably equitable manner which will not disturb in any basic way the principle of representation by population, although it will not achieve perfect representation by population, as has been the experience with any bills in the past.

I remember in my own province, for example—and a province is not a federal state—we went by the principle of "rep by pop," but we understood that for constituencies of an enormous size in the north, it would be impractical to have "rep by pop" as the sole criterion by which we would decide the boundaries of constituencies. We always understood that other factors, such as size and affinity of the people concerned in the areas, were matters that were reasonable and taken into consideration. I am not sure how far the current federal law goes in that direction, but we recognize that "rep by pop" is an ideal which we are probably not going to be able to achieve.

The position of the government is that these changes are crafted in such a way as to respect the position of the smaller provinces, to give them an undertaking that they will not have their representation reduced as might otherwise be the case with the population moving around the way it is and should. While we frankly admit that the growing provinces do not get the full measure of new representation that they otherwise would, we think the trade-off is not unreasonable and is one that should commend itself to the house.

I have been conducting a lot of negotiations recently on this bill as to when it should come into force; in other words, as to when the Senate is going to deal with it. I cannot promise anybody that the Senate is going to pass it, but I know that it is going to deal with it sooner or later. The argument has been ongoing with respect to how we should best handle this bill. I

am aware that there are a number of honourable senators who think it should be referred to committee. If I take seriously every suggestion made in that respect, the committee may go on for a long time because the class of people who will be invited to testify might be quite numerous. Under normal circumstances one could hardly take much objection to that, as we are accustomed to that in the Senate. I think there is a good reason why we should be as discreet, as prompt and as dedicated as we can in getting this matter cleaned up and to decide what we are going to do about it.

The reason I say that is that there is a timetable attached to everything that goes on in this bill. To put it in a nutshell, the timetable is that from the day the bill is passed it will take two and a half years to put it into effect. That means if it is passed on January 21 of the coming year—

Senator Frith: Picking a date at random!

Senator Roblin: I am picking that date with malice aforethought because that is the date I would like to see it passed. If we pass it on January 21, because we are not willing to deal with it more expeditiously than that, it is going to take us into August or September of 1988 before this bill comes into effect. The significance of that is that if we were to have a general election before that time we would be working on the old act. That means that the government would be into its fourth year, in all probability, without the possibility of going to the people again under the new arrangements and, particularly, on the new census. If we do not deal with the bill soon and we have an election under the old rules, people will be voting on the census of 1971. That is a long time ago in terms of a census and the movement of population in the country, as it is getting close to 15 or 20 years. We have to pass this bill in order to base our representation on the census of 1981. That is why I hope we will move on it expeditiously.

I have received a communication from the Chief Electoral Officer, Mr. Hamel, in which he sets out for me the timetable that comprises this two and a half years. I should like to refer to it briefly. The first stage is the appointment of the commission by the Speaker. He is given 60 days to do it. The government or anybody else has little influence on the Speaker, so we assume that he is going to take his 60 days in which to put this commission together, and within that time his colleagues in the provinces, the chief justices, have to do their part as well, so that is the period with respect to that. Another 12 months goes by while these commissions are holding their hearings across the country to find out what the people think about the boundaries that are being advertised. They are going to be having hearings across the nation, and in that 12-month period they have their hearings and then they report back to Parliament. Parliament has a two-month period in which it considers what the commission has told it. So we find ourselves looking at 16 months. Parliament itself has to send the report of the commission to the Privileges and Elections committee of Parliament for which there is another two months allowed, and when all those people have expressed their views on that it comes back to Parliament and it is probably going to be debated. Nobody knows how long that will take, in order for it to become part of the law of the land. I hesitate to put any time limit on that but a month would not be surprising. In addition, if it is referred back to us, then we have our problems here as well.

After all that is done the law cannot come into force for another 12 months. That is what is laid down in the regulations, so we have a 12-month waiting period in order that the electorate can familiarize itself with the changes and, of course, all that is involved in setting up polling divisions and electoral matters of that sort, which may or may not be started before an election.

Without trying to stretch it too far, I am told by the Chief Electoral Officer that he thinks it would be a minimum of two-and-a-half years and perhaps longer, depending on other aspects. If the process proceeds on schedule it would be two-and-a-half years, but there are plenty of places in between, particularly with respect to parliamentary activities, where that might take longer. We are really looking at a situation where after a government is four years old, or perhaps as high as four and a half years into its mandate, it cannot call an election on the 1981 figures but has to work on the 1971 figures and that, of course, is a problem.

I am not going to place any blame on anybody for the time element involved in this. After all, the House of Commons had it for six months or so and I have recited to you its progress through that body. I am not one who would wish to ask honourable senators to do anything they are not willing to do in terms of dealing expeditiously with the bill in this house, despite the fact that some people who are not senators have some reservations as to exactly why we should be taking any time with it at all. I do not belong to that school of thought, so I am not going to offer that as a consideration for this chamber.

Just looking at the question of the time element, it becomes important for us to deal with it expeditiously. If it is referred to committee, I would like to see that committee hold its hearings before we meet again and, if it is necessary to provide authority to allow that to be done, I would certainly be very pleased to support it. To have the committee meet on this subject the week before we reconvene on January 21 gives us an opportunity in the first week after we return to deal with it in an appropriate way. That is my plea. Time is important and this chamber must discharge its duty but, on the other hand, it should be prudent in not stretching the time any further than it has to because, otherwise, it is going to expose us to the risk of fighting the next election on the 1971 census rather than on the 1981 census, and I am sure that nobody here really wants to do that.

My request to the house is that if it is determined—and from what I hear on the other side it is—that it must go to committee, the committee should meet as early as possible and the house should deal with this matter at the earliest date possible after we reconvene. I am conscious of the fact that the government's position in this chamber is a minority one. I am conscious of the fact that I am not even in a position to summon the house back on January 13 or 14, if honourable

senators on the other side will not agree to come back, because they can vote me down any time of the day. My impression is that that would happen. I am tempted to suggest that we come back at the same time as the House of Commons, a week early, and get on with this job and give ourselves the time to do it in a way that is proper. I guess it would be a mistake for me to chance my luck on that because I sense that I do not have majority support. It would be unfortunate for me, at any rate, if that support were not forthcoming. If I am wrong on that and there is support on the other side to come back a week early, I would be happy to accommodate myself to that suggestion.

On the assumption that the government in the Senate is in the minority and on the assumption that it is not the will of this house to return before January 21, which is the usual time that we return, I would have to recognize that and I want to make an earnest plea to all members of the house to treat this matter with a sense of urgency and to make a decision with respect to this bill as soon as they can after we reconvene.

• (1540)

Honourable senators, I am advocating that you support it, but I recognize the right of the Senate to exercise its judgment. What I am really concerned about is finding out where the decision lies one way or another. I hope we may have this bill through the committee and back here at the earliest possible moment so that we can let the House of Commons know where they stand on this. Then, we will give the Chief Electoral Officer a signal to go ahead. Even with a signal on January 1, we are looking at two and a half years plus.

Senator Frith: January 30.

Senator Roblin: I said January 1. Even if it is passed on January 1, which is unlikely, we are looking at two and a half years plus before this can become part of the law of the land. If one considers the matter in that light, the reason for expeditious treatment in the Senate is clear. I solicit your co-operation.

Hon. John B. Stewart: Would the honourable senator now permit a question?

Senator Roblin: Yes, certainly.

Senator Stewart: My question relates to the substance of the argument and not to the matter which has just been discussed.

Did I understand the honourable senator to say that the government agreed to an amendment which reduced the number by which the representation of the electorate in the growing provinces would be increased? I think that is what I heard him say. Yet, my understanding, as I look at the records of the other place, is that the original bill would have effected an increase to 289, whereas, according to Senator Flynn's table, it effects an increase to 295; in other words, just the opposite of what I think I heard the honourable senator say. Since this is a matter of great importance, I should like to be sure that I heard the honourable senator correctly.

Senator Roblin: I will give the information I have before me which is that as a result of the amendment the number of seats allotted to the growing provinces was increased from what had previously been suggested.

When we are in committee, we can certainly check my figures.

Hon. Joan Neiman: Honourable senators, I heard the request of the Leader of the Government with respect to the committee's consideration of Bill C-74. The Standing Senate Committee on Legal and Constitutional Affairs was charged with a pre-study of this bill, which it did not carry out because of the pressure of other bills coming to the committee. However, I assume the bill will again be referred to that committee.

The committee is certainly prepared to commence the study on January 21, assuming that is the day the Senate resumes. However, the Senate may wish to give the committee permission to sit during the previous week if the Senate has not resumed by that time.

I will consult with members of the committee, most of whom may not be present at the moment, to determine whom the committee may wish to hear from as witnesses and what needs to be done. I will do my best to accommodate the wishes of both sides of the house in dealing with this bill.

Senator Roblin: I should like to thank my honourable friend for a most generous offer.

I would be prepared to cause to be moved a resolution giving the committee permission to sit during the adjournment and leave it to the committee to decide what to do about it.

If I can get the attention of the Clerk of the Senate, I would ask that a resolution be prepared giving the Standing Senate Committee on Legal and Constitutional Affairs permission to sit during the adjournment. I will then leave it to the chairman of that committee to proceed from there.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I should just like to add a couple of points.

Senator Roblin: The Clerk has very kindly furnished me with a rule which says that, for the duration of the present session, any select committee may meet during the adjournment of the session. Therefore, my suggestion is unnecessary. The committee chairman is in charge.

Senator Frith: I was going to mention that that was my recollection.

It seems to me that that approach solves the question of whether or not the entire Senate should return earlier than it is accustomed to in order to achieve an objective related to the work of one committee. It seems to me that point has been settled.

The only other thing I want to add is that I agree with the context in which Senator Roblin has put this bill, its debate on second reading and its progress through the house. It is clear from the observations of Senator Flynn, the sponsor of the bill, from those of the two speakers who followed him, Senators Stewart and Corbin, and from the comments made by Senator Roblin, that there is a dimension to this bill, in particular the question of regional and provincial representation, which lies

within the mandate of and, in fact, forms part of the responsibility and duty of the Senate.

For that reason, the bill should be treated carefully. For the reasons put forward by Senator Roblin, the Senate can take its time in carrying out its duties with regard to the bill and still define its time within the context of the urgency that Senator Roblin underlined.

I want it to be clear that the position we are taking and that Senator Flynn took that it should receive committee study is not to lead to the inference that there is any intention to delay or not to deal with the bill precisely within the framework in which Senator Roblin placed it.

Senator Corbin: Honourable senators, I wish to direct a question to the chairman of the Standing Senate Committee on Legal and Constitutional Affairs.

Of course, I am not a member of the committee, but, as I have indicated in the course of my remarks, I would want to be present to put questions to any witnesses who may be called. Can the chairman of the committee commit herself, the clerk, or whoever, to have the witnesses that we would want to question appear in front of the committee at that time? In other words, will the chairman accept suggestions from myself, although I am not a member of the committee, as to the types of witness we would like to hear beyond Mr. Hamel, for example? Senator Stewart suggested that an invitation should be extended to, not necessarily the premiers, but someone in the eastern provinces who knows something about this whole matter, because the questions that we wish to follow up on, I believe, are of some concern to someone like that.

Therefore, I presume that when the chairman convenes the committee, she will do two things; take into consideration our suggestions in terms of certain witnesses; and that they will have been notified ahead of time so that they can be there the minute, the day and the hour that the committee is ready to proceed.

Senator Neiman: Perhaps Senator Corbin misunderstood part of my earlier remarks. I did say that I would first have to consult with the committee members to be sure that they would be able to be present during the week of January 13. That has still to be established. Of course, there would be no point in having a committee meeting if we did not have witnesses who we felt would be helpful to the committee's consideration of the bill. We normally get in touch with all of the provincial counterparts or with whoever would be interested in the provincial jurisdictions on any bill we are considering. In that respect, it might be better if we were to allow ourselves the extra week so as to be sure that those people would have a chance to receive and consider our communication over the holiday season. Of course, we also accept suggestions. Normally, our steering committee would be happy to receive any recommendations from our colleagues, whether or not they are members of the committee, as to whom it might be appropriate to hear.

[Senator Frith.]

• (1550)

Hon. Gildas L. Molgat: Honourable senators, I am pleased that we have come to an amicable arrangement as to the disposition of this bill. I must say that when I listened to Senator Flynn introducing the bill, I did not feel any sense of urgency in the comments he made. It seemed that the bill would simply follow the normal course. Therefore, I was quite surprised yesterday when I heard the government leader in the Senate say that he wished to have the bill referred to committee this morning and dealt with immediately. That sense of urgency did not, by any means, come through to me in the statements of the sponsor of the bill. Far be it from me to suggest that there was a difference of opinion on the other side of the chamber, but, in my view, no sense of urgency was evident.

I rise to speak on one point that was raised by the Honourable Senator Roblin. It is not for me to protect my colleagues in the other place—they can do that quite adequately on their own—but a statement was made in this place with regard to the participation of Liberal members in the work of the House committee. It is my understanding that in the early work of the committee in June of this year an agreement had been reached involving all members to the effect that there would be an increase from 282 to 289. The agreement was that there would be an additional seven seats. Subsequent to that, at a meeting in November when the Liberal member was not present—he was in western Canada attending some agricultural hearings and did not attend that meeting—it was changed from an increase of seven members to an increase of 13 members. That is how we arrived at the 295 figure. It is my understanding that the Liberal Party was represented at all meetings but that one and that it is certainly not a case of being uninterested in the bill. On the contrary, there is a great deal of interest. It so happened that there was no one representing the Liberal Party at that one meeting.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, if nobody else wishes to speak, I move second reading of this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Doody, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

FINANCIAL INSTITUTIONS DEPOSITORS COMPENSATION

CONSIDERATION OF REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-79

On the Order:

Resuming the debate on the consideration of the Thirteenth Report of the Standing Senate Committee on Banking, Trade and Commerce (subject-matter of Bill

C-79), tabled in the Senate on 19th December, 1985.—(*Honourable Senator Olson, P.C.*).

Hon. H. A. Olson: Honourable senators, yesterday afternoon, during the debate on this report, Senator Flynn—and I regret that he is not here this afternoon because my speeches are always more interesting when he is. He constantly interjects—

Senator Doody: Would you like me to interrupt? Anything to make you comfortable.

Senator Olson: I am not sure that, as well as you have demonstrated you can do that, you are yet a match for Senator Flynn.

Senator Flynn moved the adjournment of the debate to "later this day" so that other matters could be dealt with. Later that day we never got back to it. As a matter of fact, I have been sitting here with an undigested speech during most of today. The only reason I raise that point is so that honourable senators opposite—particularly the Deputy Leader of the Government—will understand in future that if I am a little reluctant to give consent to the sort of action that was taken yesterday, it will be because I remember what has happened to me on this occasion.

Senator Doody: Particularly having been here all night.

Senator Olson: Yes, right. Honourable senators, it is particularly important that we take some time to debate the report of the committee respecting the subject matter of Bill C-79. That report contains some conclusions and recommendations and, from time to time, some fairly soft language so that we could get the report back to the Senate with the meaning of those words intact. For example, there are several areas in which the report gingerly and softly indicates that senators were divided on particular issues. Therefore, in my view it is extremely important that members of the committee and others make it clear that we held some pretty strong opinions, whichever side of the fence we found ourselves on.

On the front page of one of Canada's leading newspapers, the *Globe and Mail*, the reporter states:

> Left unscathed, however, were both Finance Minister Michael Wilson and Minister of State for Finance Barbara McDougall, mainly because committee members were divided on the roles they played in the failures.

That will do for the wording in the report, as far as I am concerned, because that is true. There were, obviously, some members of the Conservative Party who were not prepared to be as critical of the two ministers as were some of the other committee members. I have to say this, too: I do not think that the division of opinion with respect to that went strictly along party lines. I think many members were equally disturbed about what happened, how it happened, and, if I may add, what we are going to do about correcting the situation so that it does not happen again.

Honourable senators, I think that the committee report reasonably and accurately—I have no criticism of the accuracy because I supported it then, as I do now—summarizes the evidence and gives a chronological outline of what happened up to the failure, the declaration of the insolvency and the liquidation of both banks. I say the same with respect to the conclusions that were based on that summary of the evidence. But what disturbs me is that during the discussions and the cross-examination of the minister directly responsible—namely, the Minister of State (Finance)—who was appointed by the government to be responsible for this aspect of the government's involvement, and also some of the senior officials, including the Governor of the Bank of Canada, Mr. Bouey, and the Inspector General of Banks, Mr. Kennett, regarded the situation almost with indifference. To begin with, when we were cross-examining these witnesses, the buck-passing that went on was almost unbelievable. I believe that the Governor of the Bank of Canada was questioned by the committee before the Inspector General of Banks, and when he was asked about the basis on which he was advancing hundreds of millions of dollars to the CCB and the Northland Bank, and what his view was of the value of the assets against which he was making those enormous advances, he simply said, "I don't make assessments. I don't do audits."

• (1600)

Are we to believe that the Governor of the Bank of Canada does not know the value of the assets against which he is making such huge advances? At one point in the report there is a figure of $1.8 billion, made up of $1.316 billion to the CCB and over $500 million to the Northland Bank. I was surprised. So far as I am concerned, the statement was incredible. I guess I have to be careful how I say this. To put it in plain, simple language, I simply do not believe that someone in a position as senior as the Governor of the Bank of Canada does not have any idea of the value of the assets. Yet that is what he told us, not once but several times.

We asked him: "On what basis do you advance this kind of money?" He replied, "Oh, on the Inspector General of Banks." I want to be clear on this. He said, "As long as the Inspector General of Banks says that the bank is solvent, I advance the money." As a matter of fact, he did. He made advances right up to the last day or so of August. I think that within three or four days of the CCB being declared insolvent, he was still advancing money. That, to me, is something that has to be corrected. I do not believe it is quite that simple, and the Inspector General of Banks has since said that all of the evidence on which one determines the value of the assets of the banks were available equally to the Governor of the Bank of Canada and to the Inspector General, and "therefore he doesn't have to take my advice. He can just as easily"—this is what he said to the Estey Commission—"make his own assessment of the value of those assets just as well as I."

I do not wish to take too long on this, because no doubt we will be in formal possession of the actual bill before long; but there are a number of things that, in my view, have to be said. I should point out that I know that it is not quite fair, in most cases, to use 20-20 hindsight in assessing the situation against those who were responsible but who could not fully see what was happening. Let us be clear about this. No senator had the

advantage of foresight in the situation. We were not aware of the facts at the time and it was not our responsibility to predict, to forecast, or whatever, the action that would be most appropriate under the circumstances. Let there be no misunderstanding. We were charged with the responsibility of looking at the facts in retrospect and coming forward with an assessment and then some recommendations. Therefore I make no apology that all we had was hindsight. We were not in a position to predict, without knowledge of the facts, what administrative action might be taken.

Honourable senators, I am disappointed—that is the softest word that I can use—that no action has been taken by the government. No minister has resigned. The senior people who were involved in reaching the decision are still in office. Senator Kirby pointed that out yesterday. Frankly, I consider that an appalling situation, because, when in retrospect we look at the evolution of the circumstances leading up to the action that was taken, it is pretty obvious that some very serious mistakes occurred—and, indeed, some omissions—in complying with its responsibility on the part of this administration.

Quite frankly, I do not believe that that is good enough. The government will try to excuse itself by taking the position that since it has appointed the Estey Commission, we should await its report. They are coming to Parliament and are asking for money. The proposed bill will cost something between $800 million and $900 million. That probably is not the whole amount, because there is also the problem of the great deficit in the Canada Deposit Insurance Corporation. Perhaps over time that will be recouped through changing the premiums. But there is also the matter of the $1.8 billion that the Bank of Canada has extended over and above the $800 million or $900 million that will be paid to the uninsured depositors. We may get some of it back. I would expect that some of it has come back now since the liquidation was announced in September. But we do not know that we are going to get it all back, and no matter how persistently we tried to examine the Governor of the Bank of Canada or the Inspector General of Banks—or, indeed, several other people who had some knowledge—we still could not get them to give us a more precise or accurate assessment of what the assets were worth. Some reports say that some of them should be discounted as much as 50 per cent. I am referring to the loans that the CCB had made. We have heard other reports that said that a whole lot of them should be discounted down to 30 cents on the dollar, and so on. Those are the assets against which the Bank of Canada has put up almost—I was going to say almost 85 per cent, because the bank had almost $2.3 billion in assets and the Bank of Canada advanced $1.8 billion. But I realize that that is for both banks; so I am not sure what the percentage is, but it is important to understand that there are three expenditures involved in the action. One is the pay-out that the Canada Deposit Insurance Corporation will make. I am not sure how much it will be because it is not part of the bill. There is already legislation that requires that depositors with deposits up to $60,000 be paid. Bill C-79 provides for the uninsured depositors. On top of this legislation, there are the advances made by the Bank of Canada. The Governor of the Bank of Canada says that we will get all that money back because the bank is higher on the priority list than any of the other creditors. However, because so much money was paid out, we do not know for certain that we will get all of it back.

[Senator Olson.]

● (1610)

The other point I think is extremely important is that if the government allows both ministers, particularly the minister charged with the responsibility for this legislation, to remain in office, it will mean that the principle of ministerial responsibility for their actions and what they are required to do has gone out the window. The government kept making the statement, "We acted on the best information that was available at the time." They probably chose the most expensive option available; that is, to pay out money to the uninsured depositors and to pay the mortgage corporation that was a subsidiary of the CCB. In doing so, it changed all the assessments from a "going concern," assessment basis, to a liquidation basis, which lowered the value of the assets of the bank substantially. If the minister can get away with that, it means an end to ministerial responsibility.

I believe that ministers must be held responsible for their actions. They made the decision. Ministers are also responsible for the bureaucrats in their department, particularly the ones who report to them. Frankly, I do not believe that these bureaucrats have the right to present to Canadian taxpayers a bill for more than $1 billion to simply walk away and continue to perform their services in the same position they held before this incident. I want it to be clear that this action changes the concept of ministerial responsibility very dramatically and substantially from what I understood it to be.

So far the action taken by the government to deal with this matter is not, in my view, in keeping with the traditions of responsible government, and it is far from satisfactory. A few minutes ago, I was listening to the debate in the House of Commons. They were talking about the last bank failure, the Home Bank in 1922 or 1923. At that time, it was considered to be a terrible situation. The federal government was being asked to pay out slightly over $5 million to clear up the deposits made in that bank. Today, we are talking about $1 billion in this failure. Some people say that it is only one per cent of the assets within the banking institutions and that, therefore, they try to treat it as though it is not terribly important. One billion dollars is 20 times as much as the government could find to deal with the drought situation affecting the livestock producers in Western Canada. Some might say, "What's a billion?" One billion dollars is an enormous amount of money, even though it may only be one per cent of the bank's assets. It is approximately the amount of money that the government that I was part of had to struggle with for two years until we could find the money we needed to assign to programs of high priority. One billion dollars is an enormous amount of money. I have not detected that the senior people involved in this fiasco have treated it with the seriousness that it deserves.

I have one or two other points that I would like to make. The first point is that I am disturbed by this matter of confidentiality. There are many views on this question of confidentiality between a banker and a depositor. I realize and respect the fact that there is a section to this effect in the Bank Act. However, what we are dealing with in Bill C-79 is not part of the Bank Act. If it were, there would be no need for this bill. We have Bill C-79 before us because there is no statute and, therefore, no legal authority whereby the government can repay depositors anything in excess of $60,000. There is no question at all that the Bank Act does not apply in this case. The government is asking Parliament to provide money to pay off all the depositors, even those who have deposits in excess of what the Bank Act and the other pertinent acts provide for.

In my view it is not a matter of confidentiality. No one will publish the names of people who are in the $60,000 category and who are insured. What this bill calls for is payment to those in excess of that amount. I cannot follow the reasoning that this Parliament does not have the right to to know to whom the money will be paid. As a matter of fact, I am sure that there will be many opinions written about what the government is doing. What it is doing is illegal. It is trying to circumvent the provisions of the Financial Administration Act, which says that those to whom the government pays money must be identified. I am told that the money will be paid to the Canada Deposit Insurance Corporation and that it, in turn, will pay it to the individual depositors who are listed by category. There are some very large amounts involved. The report alludes to this question of confidentiality at the top of page 38. It reads: "The injunction against disclosure however is less clear in the case of insolvency." Earlier the report says that the Bank Act prohibits disclosure, and I am not arguing that point. The report goes on to say:

> Insolvency proceedings fall under the Winding-up Act which is silent on the principle of confidentiality. In fact, claimants under the Winding-up Act must publicly identify themselves in making their claim . . .

Some senators, including Senator Kirby, have said that there are two principles involved. One refers to the precedents and the substance of the Financial Administration Act. The tradition is that whenever a payment is made by the government to anybody, the Parliament of Canada has a right to know. In fact, there is an obligation upon Parliament to identify who gets money out of the public treasury, despite what is contained in the Bank Act. What I am arguing, honourable senators, is that in this situation the Bank Act does not apply.

● (1620)

I want to repeat that Bill C-79 is before us because there is no authority to make those payments until Bill C-79 passes. I say to you, honourable senators, that the government is circumventing the requirements by paying the amount in one lump sum to the Canada Deposit Insurance Corporation and then, somehow, keeping silent regarding the identity of those to whom they issue the cheques so that we can never know to whom this money is being paid. That method is fraught with danger. If these people want to be paid in this unusual and extraordinary situation, we should at least know to whom the cheques are made out.

The report said:

> The committee members are divided on this issue.

I would like honourable senators to know just where I stand on that. Other members of the committee had different opinions. But if these people are not willing to make a public claim so that when we make payments out of the public treasury, we know to whom these payments are made, then it opens the door for the government to act in this way with respect to other matters where payments are made to unidentified recipients. As far as I am concerned, honourable senators, a wrong and very dangerous precedent is being set here.

There are one or two other things I would like to say about this bill. I would draw your attention to the recommendations on page 44 with respect to the reform of the bank auditing standards. At the bottom of page 44, the report states:

> We wish to encourage CICA to consider, in collaboration with the Office of the Inspector General of Banks and the Canadian Bankers' Association, the development of "current value" audit standards to supplement existing audits which value assets and liabilities on a "going concern" basis.

Honourable senators, I would like to point out that the trouble occurred with at least one of these banks, if not both, when they changed from a "going concern" assessment to a liquidation assessment. At that time, the capital of the bank disappeared; the equity in the bank disappeared. In other words, they had to take write-downs right at that stage, which of course justified the liquidation. The question that we must ask ourselves about that situation is: Who decided to change the basis from "going concern" to liquidation, and why?

The evidence that we were able to adduce from the various witnesses at our hearings did not indicate who made that decision. I know that there was an attempt to pin it on the Inspector General from time to time. It was he who decided on the last day of August, I suppose, that the CCB was no longer solvent. I suppose it was also he who made some decisions with respect to the Northland Bank by the end of that month when that bank was also declared insolvent. However, we never did find out who made the decision changing the method of calculation.

Some people would say that perhaps that is not important; if you are insolvent, you are insolvent. But that, honourable senators, is just not true. The fact is that you are insolvent if your liabilities exceed your assets, and the equity in the bank has disappeared. That is when the insolvency takes over. Usually the assets are worth as many as 15 to 25 times the equity that is supposed to be there. However, honourable senators, we did not have those answers at the time.

In my opinion, honourable senators, the government has not acted appropriately in this situation. Perhaps they are awaiting the Estey Commission report before they take further action. Therefore I conclude by saying most emphatically that the

action that as been taken so far is inadequate in relation to the cost to the taxpayers of this country. It is inappropriate for the treasury to be called upon to pay out $1.2 billion without any significant changes in the system being made to ensure that this situation will not happen again. That, to me, is a situation that should not be tolerated.

In a few moments, I suppose, we will have Bill C-79 which will enable this large amount of money to be paid out of the public treasury. The government has made that commitment and I suppose it is their right so to do, but there has been no indication, as far as I am concerned, that there is any repentence yet. As far as I am concerned, they need to clean up their act, come clean, say that they have made a mistake, and tell us what they intend to do to correct it so that it does not happen again.

There has apparently been some commitment that the government intended to increase the staff and the capability of the Inspector General in order that he can do audits. I am not sure that that is satisfactory unless there is a change in attitude and in some other things. We must remember that this situation went on for weeks and it seems, in retrospect, that it was obvious enough that there was great difficulty. While that was happening, honourable senators, we were unaware of the fact that the government would present a bill to the taxpayers for $1.2 billion to pay off everybody who was involved. I think it is important for us to know what the government's attitude with respect to these kinds of things will be in the future.

Honourable senators, these are the comments that I think had to be made about this committee report. It seems to me that all of the members of the committee do not hold the government responsible for this action. I simply want honourable senators to know that there are a number of senators who do, in fact, hold the government responsible for bumbling and fumbling and, consequently, costing the taxpayers of this country a great deal of money.

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, I would like to say a few words to give a somewhat different perspective to the debate which, until now, has put the entire responsibility of the decision to try to save the Canadian Commercial Bank and the Northland Bank on the Government.

The senators who have spoken until now have all attempted to throw on the Government all the blame and all the responsibility for the actions of the Inspector General, the Governor of the Bank of Canada and the banks involved in the bail-out. I believe that this is not entirely justified.

It would be more accurate to do what the report does and place these events in the context of the economic conditions which existed at the time, not only in March, but also in previous months and years.

As the minister said, the economic climate was quite unusual. Of course, this does not remove any responsibility for the action taken. If we want to have a more accurate picture of the situation, we have to point out that we were going through an economic crisis such as Canada had not seen for a long time.

[Senator Olson.]

We witnessed the creation of regional banks in 1975 and 1976. The very nature of these banks causes difficulties as their deposits and loans are often concentrated in one region. As for the western banks, they are more vulnerable to a changing economic situation.

Very briefly, it is easy to recognize that the management of these banks had certain problems. The Inspector General had some himself. However, I can forgive him many things. We found out during the committee sittings that he did not always have the resources and expertise required to do his job.

I would have liked some of the Liberal senators to take some of the responsibility for what happened because some of them served either as ministers or as advisers under the previous government. These people could have been more supportive when faced with the repeated requests of the Inspector General for additional funds to obtain the resources he needed to do his job. We have not heard a lot about this aspect.

It is fortunate that the experience acquired by the present government and other Canadians has shown the urgent need to provide more resources for the Inspector General and that this will in fact be done. This is perhaps one beneficial result of a very difficult and costly situation.

I also believe that the banks which took part in the bail-out may bear more responsibility than anyone else for the disaster, and it is indeed a disaster as it involves an amount of $1 billion. This shows a certain weakness on the part of the banking system. This weakness may at some point have cast some doubt on the solidity of the Canadian banking system. Only the banks had the necessary expertise to see what was coming. Last March, these people could have said: "What we need is no longer $255 million or $300 million, but $500 million." They could have done that. Today the fact that they have not been repaid leaves me rather cold. I think they must accept a major share of responsibility for that fateful March decision.

Personally I think that other things can be found in the recommendations. Mention is made of improving monitoring or government agencies, like the Governor of the Bank, for example, Mr. Bouey, who blindly followed the advice of the Inspector General of Banks.

In this case I think that an agency like the Bank of Canada should try to check the value of the guarantee, and I would suggest that it is not fair or satisfactory. In the future I hope they will be able to prevent a recurrence of that incident. I hope the mandate of the Governor of the Bank will be reviewed and perhaps enlarged so he will have the authority and responsibility to make sure that the guarantee he accepts when lending money to a bank is worth something, just so the institution can get out of trouble and look forward to the future.

[*English*]

● (1630)

We have heard, as I said earlier, that some people would like to blame the current government for the breakdown in the system. They referred to some weaknesses in the system. I

think, by and large, the system was strong, but not quite up to par to survive and not strong enough to withstand a breakdown in places where the economy was in difficulty, and so forth. We have heard people placing all the responsibility on the current government, and I do not think that is quite fair. A decision was made. The report says that there were signs in the last weeks and months. I say there were signs over the past several years that we were heading toward a disaster or into a very difficult situation. There were signs, but what did the previous government do having passed legislation to allow these regional banks to operate? Well, not very much.

I was amazed about half an hour ago to hear the current Leader of the Opposition in the other place use a figure of $3 billion as the total loss to the Canadian taxpayers. Well, what did he do when he was the Minister of Finance? What did his party do to prevent this from happening?

I thought Senator Olson was fair in keeping the figure around a billion dollars, but the other fellow used $3 billion and tried to tell us how much that means for every student in Canada, what it means to every welfare recipient, and every family. He used the figure of $20,000 for each Canadian. Well, I do not think those arguments and that smokescreen will restore the confidence of Canadians and people all over the world in the Canadian banking system. I invite the Leader of the Opposition to be more careful and to check his figures and ask that he be humble enough to accept his share of the responsibility.

Senator Frith: For what? For the failure of this bank?

Senator Simard: For having failed to protect the Canadian banking system and for having failed to give the Inspector General of Banks more resources when he asked for more. He has a responsibility, as does his party.

Senator Frith: We should see what R.B. Bennett had to do with this or John A. Macdonald, or, for that matter, Finlay MacDonald.

Senator Simard: The legislation which created these banks was passed in 1976 when Mr. Turner and his friends were still in the government. He certainly takes pride in referring to some of the good things he was part of, or his political family was part of, so he should assume part of the responsibility. A decision had to be made and there were not that many options. Either this bank or the two banks would be allowed to fail in March. It has been said that the bank was, obviously, insolvent or bankrupt. That was not what the experts or the agencies told us. The minister said that she based her decision on the best information available at the time, and I take her word for it. I realize that the report and other speakers before me keep referring to the fact that the banks were doomed, and I agree that they were, but it was not evident then. The system broke down and the question was then: What do we do about it?

● (1640)

The report makes some recommendations as to how to prevent another breakdown. It was a very expensive breakdown and I am not happy to be part of a decision that will cost Canadians close to $1 billion for uninsured depositors, but we will have to do it. That is part of protecting the integrity of the system. I am pleased to see recommendations that suggest measures to improve the CDIC. I was also glad to hear that the CICA, of which I am a member, has seen fit to review their auditing process. I will certainly be ensuring that they follow that course. Our profession was under attack and many things were said that were not warranted or fair. I realize that they do have to assume some of the responsibility and I am prepared to admit it, but I am not prepared to allow the sole responsibility to be placed on the present government, because these other people and agencies should share that blame.

Another point that honourable senators opposite keep referring to is this business of confidentiality. They want to know who will get that money. Is it that important? I know the Financial Administration Act requires it and it is a good principle, but an equally good and sound principle that needs to be protected as well is that the names of depositors, no matter what size they are, remain confidential. That is a big part of the nature of the banking system. I hear that there is one individual who has a million dollars. I say: Who cares whether he is a Liberal or a Conservative or from the maritimes or the west? What is more important is that the principle of confidentiality be maintained, and this legislation will ensure that.

Senator Kirby referred to the problem of paying foreign banks and I do not agree with him on that point. If this bill should discriminate against foreign banks, where would that leave the Canadian banking system? It does not make sense to protect Canadians and not the offshore and other people and companies resident in foreign countries. He says that the people who helped with the bail-out are going to be left in the cold while we are paying foreign banks. I have dealt with people who have put the package together, and I put the blame on the banks and squarely on them. I think they have to assume responsibility and they should not be part of the repayment by the CDIC. I have no problem with foreign banks being paid. I would like to see a Canadian institution get the same treatment in other countries as native institutions would get in a similar case.

In closing, following this unfortunate experience I hope that the mandate of the Governor of the Bank of Canada will be reviewed and improved as well as that of the Inspector General of Banks and, of course, that the CICA will perform a better job, because that is what is lacking. Let us hope that this experience will not only maintain but improve the integrity, the good reputation and the soundness that our banking systems have had over the years.

The Hon. the Acting Speaker: Before Senator Argue proceeds, I should like to interrupt the proceedings.

Debate interrupted.

FINANCIAL INSTITUTIONS DEPOSITORS COMPENSATION BILL

FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-79, respecting the provision of compensation to depositors of Canadian Commercial Bank, CCB Mortgage Investment Corporation and Northland Bank in respect of uninsured deposits.

Bill read first time.

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

Hon. C. William Doody (Deputy Leader of the Government): With leave, now.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, perhaps for the sake of the record we should, with unanimous consent, dispose of the order that we were dealing with when His Honour read to us the message from the House of Commons. Since the order we were dealing with is consideration of the report on Bill C-79, shall we consider the debate on the report as having been completed and then move to second reading of the bill itself?

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

Hon. Senators: Agreed.

SECOND READING

Hon. Duff Roblin (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved second reading of the bill.

He said: Honourable senators, the intention of the government was to request the Honourable Senator Murray, who is chairman of the committee and well informed on this bill, to handle it in the chamber. Unfortunately, he is not well today, but we have a very competent substitute in Senator Kelly who is a designated hitter—and, believe me, he can hit!

Senator Doody: And he doesn't fade in the World Series!

● (1650)

Senator Roblin: I am going to suggest that some other senator, perhaps Senator Kelly, will lead off, if Senator Argue permits, from the government's point of view, to explain the bill. Then we can proceed with a regular second reading and see how we get along.

Hon. William M. Kelly: Honourable senators, I was afraid for a moment that I would lose my opportunity to present this rather lengthy speech. I hope you will all settle back.

Senator Roblin: You have been warned!

Senator Kelly: I rise today to speak to Bill C-79, respecting the Financial Institutions Depositors Compensation, which, when passed, will authorize the government, through the Canada Deposit Insurance Corporation, CDIC, to compensate uninsured depositors of the Northland Bank, the Canadian Commercial Bank, CCB, and, in the event of its wind-up, the associate of the CCB, the CCB Mortgage Investment Corporation.

Honourable senators, I do not intend, except by very slight reference, to get into all of the details which led up to this particular bill. I intend to deal, in a reasonable amount of detail, with the bill itself.

In spite of the complicated wording of some parts, this bill is quite straightforward: It seeks parliamentary approval for an appropriation from the Consolidated Revenue Fund of $875 million which the government, through its agent, the CDIC, will use to repay the uninsured depositors in the Northland, the CCB and the CCB-MIC.

As we all know, the CDIC now insures depositors in Canadian banks up to $60,000 per individual per bank. There was a total of $275 million in insured deposits in the CCB and a total of $318 million in insured deposits in the Northland. The CDIC is now in the process of compensating depositors for the full amount of their insured deposits—a total of $593 million. The CDIC will recover this money over time from liquidation of the banks' assets and from higher premiums that the banks, in future, will be required to pay to the CDIC.

On November 29, the Minister of State for Finance introduced Bill C-86 to raise premiums paid to the CDIC by the banks. I will return to this point in a moment.

In any event, honourable senators, once the insured deposits are taken care of, a total of $414 million in uninsured deposits remain at the Northland and a total of $532 million in uninsured deposits remain at the CCB.

Honourable senators, given the controversy that certain members raised on this point in the other place, it is instructive to review quickly just who the uninsured depositors are by groups. They are as follows:

The two largest groups of uninsured depositors happen to be small businesses and provincial governments;

Approximately $145 million in uninsured deposits are held by 437 small businesses situated largely in western Canada;

Approximately $145 million is held by various provincial governments;

Approximately $130 million is held by Canadian credit unions and co-operatives;

Approximately $113 million is held by non-Canadian banking institutions;

Approximately $110.1 million is held by various investment dealers and brokers;

Approximately $80 million is held by municipal governments;

Approximately $37.7 milion is held by Schedule A banks;

Approximately $48.9 million is held by Schedule B banks;

Approximately $27 million is held by 750 individual depositors across Canada;

Approximately $21 million is held by religious and charitable organizations;

Approximately $8 million is held by trusts;

Approximately $7 million is held by Canadian labour unions;

Approximately $5 million is held by hospitals; and

Approximately $4 million is held by school boards and educational institutions.

Honourable senators, not to compensate the uninsured depositors would have a tremendously negative impact on the small business sector, particularly in western Canada. I do not think I need to point out that it is the small business sector that is generating most of the job creation in the economic recovery that is currently under way.

Not to compensate provinces and municipalities would only leave the taxpayer holding the bag, albeit in a different guise.

Not to compensate religious and charitable institutions would be a very unfortunate act.

Therefore, I believe the basic decision to compensate was the right one in this case and at this time.

Some have argued that the government should not compensate certain classes of uninsured depositors. I believe that once the principle of compensation was agreed to, it would be wrong to distinguish between classes of depositors, or between individual depositors. Such an action would have been seen—legitimately, in my view—as arbitrary and discriminatory.

Should we, for example, decide to compensate Widow Jones because, in our view, she cannot afford the loss and, in our view, cannot be expected to understand the intricacies of the banking system? On the other hand, should we decide not to compensate depositor Smith, either because, in our view, he can absorb the loss or because, in our view, he should have known better than to have let his deposits exceed the insured level? I think that drawing such distinctions would be arbitrary and capricious. Once the decision is made to compensate, everyone has to be compensated.

Parenthetically, I should repeat that a total of $37.76 million is to be repaid to Schedule A banks to cover their uninsured deposits in the Northland and the CCB. This is money deposited by Schedule A banks in the normal course of banking business and is separate and apart from the deposits that formed the rescue package the major banks put together for the CCB.

Senator Frith: Do you mean that, once it is decided to compensate any insured depositor, all must be compensated?

Senator Kelly: Yes, that is the point I am making. The point I am trying to underline here is that, aside from the amount of money the Schedule A banks put together in a rescue package, in the normal course of banking, the Schedule A banks had $37.7 million in deposits and they will be repaid.

I feel that responds to Senator Kirby's point. He seemed somewhat confused in suggesting that we are compensating American banks and not compensating our own banks, and that is not quite so. The American banks to which he referred are on the same footing as our Schedule A banks who, in the normal course of banking, had money on deposit in those banks.

Senator Olson: Senator Kirby was only talking about the rescued banks.

Senator Kelly: I would point out to Senator Olson that I also have my view on that.

Money deposited by the banks as part of the rescue package will not be reimbursed pursuant to this bill. The government believes that there is a qualitative difference between the banks who participated in the rescue operation and other depositors. The banks who participated in the rescue operation, in the opinion of the government, had access to information that was not available to other depositors.

I am aware that some of the banks have claimed that, pursuant to the rescue agreement, they are entitled to compensation. It is difficult for me not to come close to agreeing with them. I would simply point out that the rescue agreement is quite distinct from the bill before us now and should be addressed separately.

Honourable senators, I should return for a moment to the figures I used when totalling up the uninsured deposits. Those of you who are good at figures, and I know you all are, will have noticed a significant discrepancy.

I said there was a total of $946 million in uninsured deposits: $414 million at the Northland; and $532 million at the CCB. However, the bill before us now asks only for $875 million. What accounts for the difference? The explanation, I am afraid, becomes a little complicated, but it is interesting.

The liquidators at the two banks have estimated a total of $140 million in banks' claims against uninsured depositors. These take the form of outstanding loans, unpaid overdrafts, lines of credit and the like held by depositors with deposits in excess of $60,000.

In effect, the $140 million has been counted twice—once as part of the money owed to depositors; and once as part of the money owed by depositors to liquidators. Accordingly, the $946 million is reduced by $140 million to arrive at $806 million.

However, the government will pay up to $140 million to the liquidator on behalf of depositors and reduce by the same amount the money it pays directly to those same depositors. This is the "off-set" arrangement contemplated in clause 4 of the bill.

The government estimates that approximately 50 per cent of the liquidators' claims against depositors' uninsured deposits will be disputed by the depositors and, therefore, will be subject to review.

The government, therefore, is asking for only an additional $69 million as a contingency to have available in the event that the decisions go in favour of the depositors. In such instances, the net amount of uninsured deposits would increase by the disputed amount and the new, higher amount would be paid by the government directly to the depositors. Thus, we arrive at the figure of $875 million, which, according to the explanation I have just given, is the estimated maximum needed and could be anywhere up to $69 million in excess of what will ultimately prove necessary.

● (1700)

Honourable senators, whatever the ultimate figure is, it will not be the final cost to the government and the Canadian taxpayer. The eventual cost will be reduced by whatever money the government recovers from the liquidation of the assets of the two banks. It is impossible at this point, however, to estimate exactly what that amount will be.

Turning to specifics, I will proceed to outline the major clauses of the bill. Clause 3 authorizes uninsured depositors to apply to the Minister of Finance for compensation on a dollar-for-dollar basis for deposits in excess of $60,000 held by the CCB, the CCB Mortgage Investment Corporation and the Northland Bank immediately prior to September 2, 1985.

Actually, the CDIC will receive applications and act on behalf of the minister in this respect. Incidentally, interest on uninsured deposits accrued to September 2, 1985, will also be payable.

Clauses 7 and 8 outline the process by which applications from uninsured depositors will be handled and payments made. In essence, the government, through the CDIC, will issue two cheques to qualified applicants. One cheque will be for 60 per cent of the uninsured deposit and will be payable immediately; the second cheque, for the remaining 40 per cent, will be post-dated to April 1, 1986. As far as the government is concerned, however, the entire transaction will be reflected in its 1985-86 budget.

Clause 4 sets out the set-off provisions I mentioned earlier.

Clauses 5 and 6 provide a mechanism for resolving any disputes between the liquidators and the uninsured depositors for purposes of defining the amount payable through offsets.

Clauses 12 and 13 relate to the powers of the CDIC and the liquidators. Of course, clause 16 entails the appropriation by Parliament of the $875 million required.

One might query why the CCB Mortgage Investment Corporation is included in this bill. The Mortgage Investment Corporation is not a subsidiary or affiliate of the CCB. The CCB holds only 5.6 per cent of its shares.

However, the CCB provided the Mortgage Investment Corporation with a substantial portion of its liquidity requirements. This, plus its association by name with the CCB, may make the Mortgage Investment Corporation and its depositors vulnerable.

The CCB-MIC is now being carefully monitored by the government and is subject to a "freeze order" that effectively prohibits a run on its deposits. When the freeze order expires, the government and the CCB-MIC shareholders will review the situation and make a decision on the future of the institution.

Honourable senators, if a decision is made to wind up the CCB-MIC—and I am not suggesting that will necessarily happen—this bill enables the government to compensate the uninsured depositors in the CCB-MIC.

In any event, it is a relatively small matter. Of the $96 million in deposits with the CCB Mortgage Investment Corporation, $94 million is insured by the CDIC. Accordingly, only $2 million of the $875 million appropriated by this bill will go to uninsured depositors of the CCB Mortgage Investment Corporation.

[Senator Kelly.]

There have been suggestions that this bill should authorize the publication of the names of uninsured depositors who will be compensated pursuant to the legislation. I take this opportunity to say that I join with those who find such a suggestion repugnant. The law is not entirely clear on this point. The liquidation of the CCB and the Northland fall under the provisions of the Winding-up act. That act is silent on the question of confidentiality. Accordingly, since it is banks that are being wound up, the government looked to the Bank Act, which unambiguously protects the confidentiality of depositors. Further, the Access to Information Act reaffirms the confidentiality of depositors' names. Section 24 of that act prohibits the release of information which is withheld pursuant to another statute. Since the Bank Act prohibits release of depositors' names, the Access to Information Act effectively confirms that prohibition.

I understand that others are taking the precedent from the Bankruptcy Act to claim that the names of uninsured depositors to be compensated should be disclosed. The Bankruptcy Act authorizes the publication of creditors' names and, as a matter of practice, creditors' names are disclosed during bankruptcy proceedings.

Finally, honourable senators, some may be tempted to use Bill C-79 as a catalyst to reopen the debate about the government's handling of the CCB and Northland affairs. I sense that probably that time is past, in that the very fine report presented by Senator Murray has been discussed, during which discussion almost every issue that came before our committee and the committee of the other place, as well as the issues currently before the Estey Commission, have been covered.

Honourable senators, I commend this bill to the Senate's consideration. I hope that it can be passed quickly so that the uninsured depositors need wait no longer than is necessary for their compensation.

Hon. Hazen Argue: Honourable senators, I think that this is a rather sad time for Canadians in that we have before us a bill that is a failure on all counts. It is a failure because it is asking the taxpayer to put up a large sum of money—almost a billion dollars—and it is a failure because two banks have been lost. Western Canada has lost two regional banks and Canadians have lost the opportunity to deal with banks that have shown themselves to be considerate of small borrowers and people owning and operating small businesses.

I think that the Senate committee in its study did some very valuable work. I agree that Senator Murray conducted himself in a very fair and unbiased manner. I enjoyed, on those occasions when I attended the committee, seeing him in operation. I think that the manner in which he conducted himself was helpful to all who attended the meetings.

Honourable senators, the report covers all of the major ground. I think that Senator Kirby, Senator Sinclair and Senator Olson did well in pointing out the flaws in the system and the errors made by ministers that led up to the failure of the banks. It seems to me, however, that, in bringing that report to the Senate, those senators who took particular positions with regard to the issues should have tried to outline their positions clearly. I think that there are times when a minority report ought to be made that shows the differences between the two positions.

In any event, Senator Kelly has said that it would be unconscionable not to compensate the depositors, that we just could not fail to do so, that they had to be compensated. Well, the best possible solution would have been to have had no failures. Then we would not need to be dealing with that situation. I think that there was a reasonable possibility that the banks could have been saved, and every effort should have been made to bring about a practical, workable and accomplished merger. That was an avenue that should have been pursued and concluded.

Honourable senators, I sat on the committee and I repeat that it is just in my bones to believe that if the head offices of these banks had been located in either Toronto or Montreal, we would not now be dealing with a bankruptcy bill. Some other solution to the problem would have been found. I think that western Canada has lost a great deal in the loss of these two banks. I have been informed by borrowers out west and by people who have had experience with those two banks that they served the business community well. The people who spoke about the sort of loans that they had obtained from those banks were businessmen who operated viable businesses, who were good credit risks, but, because they were not in the big league, found that they were not getting the sort of consideration they thought they deserved from the big chartered banks. They were, however, getting consideration from these two banks. I think that the west has lost a great deal.

The big chartered banks are not dealing with the public, in my judgment, in the way in which they should. Small business has made it crystal clear that the big banks do not really provide the sort of services that should be provided. The Canadian Federation of Independent Business has issued a report which states that 31 per cent of the 20,000 members who were canvassed said they were unhappy about the actions and policies of the big five chartered banks. It said:

● (1710)

> The big five banks are ganging up on small business by raising fees and cutting services and should be subject to the same anti-monopoly rules as other industries, says the head of a small business organization representing 74,000 members.
>
> John Bulloch, president of the Canadian Federation of Independent Business . . . said Wednesday that in the past three years small business owners have been faced with higher fees, less service and tougher rules for borrowing money at the same time that bank profits are improving. That is evidence of the banks' monopoly power, he added.

I can say that the attitude taken by the major banks in western Canada today toward farmers who have loans with those banks, is tough, often unconscionable, and the banks have trapped farmers in what was—and that should have been clear to anyone—an impossible financial situation. Now, when the farmers cannot perform, and cannot meet their obligations—which, as they were set out three or four years ago, were impossible—the banks are closing the trap.

We are asked for $1 billion. The government was able to find money for the two banks. They were able to decide to pay those huge sums of money very quickly—$1 billion—but when it comes to smaller sums of money for poorer people, for farmers in difficult situations, it is almost impossible to get the government to move. It takes many months to get a program going, and, when a program is decided on, it is ruined by bureaucratic red tape, and the benefits are not clearly set out. But, in this bill, it is clear what the uninsured depositors will get. It is clear what has been done to help foreign banks, Canadian chartered banks and others. So I believe there is a double standard here that I really cannot condone.

It is clear from the evidence taken in committee that the Minister of State (Finance) and the Minister of Finance made very serious errors; they were not well informed of the actual situation; they came forward with inadequate amounts; and all of the players involved were able to say that very serious mistakes had been made.

The government and the ministers should have endeavoured to arrange a merger and should have been firm with major banks to come forward to assist in providing a viable merger and a viable alternative. The major banks have had their problems before, and they have them today. There is $20 billion outstanding in South American loans. In 1982 some people who were well informed believed that the chartered banks would have been in grave financial danger had the government failed to bail out Dome Petroleum, Massey-Ferguson and Chrysler. So the major banks are not without their problems periodically, and they certainly have major problems today.

In committee, when I questioned the Minister of State (Finance), she said she could give the committee "reasonable assurance" that the chartered banks and the Canadian banking system was in "reasonably good shape". It is amazing that the Minister of State (Finance) would not say to the committee, and to the country, that without question the chartered banks, the big banks, were sound and viable and did not have any particular substantial problems. The best she said she could do was to provide "reasonable assurance."

Those banks have huge assets. Since 1982 they have been doing much better, and recently they have indicated that their total profit for the end of this year exceeds $2 billion, which is up 18 per cent from last year.

The government should have tried to bring about a successful merger, to save taxpayers money, to save these banks as viable institutions for western Canada, to enable them to

continue to perform in western Canada. To me that is the major failure of the government.

On October 30, when in committee, I asked a question of Mr. McLaughlan, the President of the Canadian Commercial Bank. If I may, I should like to quote some of the questions and answers from the report of that committee meeting. I asked Mr. McLaughlan:

> Could you give us a picture of what might have happened if a bank had come in and accepted a merger or arranged a merger? What would have been the financial costs? You know your company and the assets that a new bank would have been given. What kind of cost do you think this might have been to such a bank over the years? Would they have just taken on a lemon and have lost ever since, or do you think that in due course they would have done something relating to a moderately good business move?
>
> MR. MCLAUGHLAN: The parallel I would look at is what has been done in the U.S. rather frequently and that essentially involves one of two choices. The FDIC, or in this case, the CDIC, essentially buys the problem loans and the merged bank is cleansed of those particular loans, or the government or the insuring agent provides a deficiency guarantee to the acquiring bank. Obviously, the acquiring bank will strike as good a deal as possible to avoid any costs.
>
> My estimation is that that very well could have cut the losses—and this is purely projecting in my mind—by about half.
>
> SENATOR ARGUE: To the government?
>
> MR. MCLAUGHLAN: Yes.
>
> SENATOR ARGUE: And then, presumably, the bank taking over would have made income on the assets it would have acquired?
>
> MR. MCLAUGHLAN: Yes.
>
> SENATOR ARGUE: And the cost to the country would have been half as much, and the bank would be ongoing but in another name and under another arrangement?
>
> MR. MCLAUGHLAN: Yes.

So I believe that it should not have been necessary for this bill to come before us, that these banks did not need to go into bankruptcy, that a solution to the problem could have been found. It could have been found at half the cost, or at much less than the current cost; the banks would have continued to function; they would have been there to provide competition for the future and to serve the regional interests; and, as a country, we would have salvaged, from a very difficult situation, the best possible result.

I am sorry that the bill is before us. I consider it a dreadful piece of legislation, in view of all the circumstances, and I am sure that for a long time Canadians will remember the total failure of this government in dealing with this situation and the double standard it uses in taking huge quantities of taxpayers' money to bail out uninsured depositors in a situation that could have been avoided, while, for other Canadians who are in need, it acts in the manner of chisellers, and is mean and stingy in not providing similar assistance.

• (1730)

Senator Doody: Good stuff!

Hon. Gildas L. Molgat: Honourable senators, I rise to support Senator Argue in his comments. I would like to make very clear at the outset that I intend to vote against this bill. I am totally opposed to it in its present form. I am opposed to bailing out those depositors who unfortunately will lose some money, and I am opposed to the confidential way in which the pay-out is going to proceed. The events leading up to this situation and the present situation have been described in some sense as a tragic mistake. Senator Simard has said today "que c'était un désastre." I really cannot find any words that adequately describe the situation we find ourselves in now. I do not blame the government or the ministers for the situation which led up to the downfall of the bank. The circumstances to that point were outside the control of the government.

However, I think that the government is very much to blame for not taking action at an earlier date, when it knew that there were problems, and for not taking the proper action. Earlier today Senator Simard said that the management of the Canadian Commercial Bank is the guilty party in all this. I am not here to defend the bank, but I do not know how the management could be described as the guilty party when we were not even given the facts by the government at the time of the bail-out last March. The other banks involved were not even told the full truth by the government at the time, and now they are being accused of having created the situation. Yesterday we were told by Senator Kirby, during his comments on this debate, that the minister responsible knew about this matter as early as October 4, 1984. I quote exactly what he told us yesterday:

> The minister herself told us on the first of her two appearances before the committee that as long ago as October 4, 1984—shortly after she assumed her office, and shortly after she was given responsibility for, among other things, banking issues—she was briefed by her officials on the problems of CCB. She went on to point out that starting in January of 1985 she received almost weekly briefings on the CCB.

We have a situation where a minister of the Crown, responsible for the banking system, is advised as far back as October 4, 1984, when she received her first warning, and is then subject to weekly briefings after January 1985, and then we are told that apparently the government did not have the right information or sufficient information in March. What happened? What went on? What is the system in which we are working? Were the officials not telling the minister the truth? If they were not telling her the truth then, obviously, the officials are at fault and they should resign. There is no question about that in my books. If the minister was told the truth, then why did she not act earlier? Why were we faced with this precipitate action in March, an action which was ill-considered, inadequate and wrong at the time?

We end up with the worst of both worlds. We end up with two bankrupt banks. If the government gets its way, we will bail out the depositors. We will lose a great deal more in the liquidation of those banks than we would have lost had they simply been closed out in March. If they had been closed out in March, there would have been no obligation to bail out any depositors. What will we recover on the assets? Quite obviously, substantially less than we would have obtained had there been a simple takeover, merger or other sensible progressive action. But no, we have thrown them out and we are going to bail out everybody. As a result we will lose a substantial part of the original assets that were involved. We have created in western Canada some very serious problems. I simply cannot support that kind of operation.

Let us assume that the minister was told the truth by the officials. In my books, that makes somebody at the ministerial level responsible. If the Minister of State (Finance), the Honourable Barbara McDougall, is not responsible then surely her senior minister, Mr. Wilson, is responsible. If Mr. Wilson says that he is not responsible, then who is responsible? None other than the Prime Minister! It has to be one of those three people. Yet, what kind of situation do we find ourselves in? We are going to pay out taxpayers' money—the exact amount of which no one knows at the moment. Certainly, it looks as though it will be over $1 billion, and everybody is still in place, all the officials are still in place. The Minister of State (Finance) is still in place. The Minister of Finance is still in place. The Prime Minister is still in place. Yet, the Canadian taxpayers are being asked to bail out, not the depositors but the ministers, including the Prime Minister, for the decisions they made.

We do not have a situation where the government is coming to us and is saying that it has made a mistake, that the minister has resigned because everything that was done was done wrong, that it was an honest mistake. That is what happens when you are a minister. You must live by your mistakes and by your decisions. At least, in that circumstance there would be some sense in what we are doing, but nothing has changed. As Senator Olson says, we have put nothing into place to deal with anything.

I would like to deal with the question of confidentiality which has been raised several times in this debate. It has been said that because we are dealing with a banking question there must be confidentiality. It is no longer a banking question. It is not a bank that will be paying out anything. It is the Canadian taxpayer. I respect the confidential aspect, and I do not suggest that we should issue any kind of information on who has money in the Canadian Commercial Bank or the Northland Bank. If the depositors do not want their names to be published, let us not publish them. If the government insists on paying out the money, why does it not simply say to those who wish to receive it, "Those who want to take advantage of the government payments, come forward, list your name and you will be paid"?

Senator Frith: That is reasonable.

Senator Molgat: However, that is not what the government is proposing. It is proposing to pay out some $800 million. What does the taxpayer know about the transaction? Nothing, absolutely nothing. In my opinion, we can have confidentiality. Those who want to be paid will simply come forward and make application. In that way we, as taxpayers, will know exactly where we stand. But to say, under cover of confidentiality, that we are going to pay out $1 billion in taxpayers' money and nobody will know who is getting it goes against my belief in the responsibility that we have here as representatives of the people of Canada.

Therefore, honourable senators, I simply cannot support this kind of bill. I see my colleague, Senator Doody, shaking his head, although I am not sure in what direction.

Senator Doody: I am disappointed.

Senator Molgat: I can just imagine the sort of speech he would be making tonight if our positions were reversed.

Senator Frith: I can see him up there; that finger would be waving.

Senator Molgat: We would be hearing the very finest of Newfoundland wit coming through and scorching us, and I would say, quite properly so, because the situation simply is an unconscionable one. I feel sorry for my honourable friends on the other side of this house in having to support this kind of legislation because there are absolutely no sound grounds on which this can be done except if they confess that there has been a mistake. However, they are not saying it is a mistake. They are saying it is everybody else's fault except the minister's.

Senator Frith: No repentence.

Senator Molgat: Absolutely. It is the bank's fault; it is the economy; it is everyone's fault except the minister's. I must say to honourable senators that I have never heard of this kind of situation where a government is asking the taxpayers of Canada to pay out $1 billion plus—and to do what? Not to bail out depositors but to bail out failed ministers—or a failed Prime Minister: One or the other. If the government would only come clean, then we would know exactly what the Canadian taxpayers are being asked to do.

Hon. Charles Turner: Honourable senators, over 60 years ago, my parents lost their savings in the Home Bank bankruptcy in Toronto. My mother, who was an orphan, on the advice of her banker and her lawyer—who happened to be a Conservative—invested the liquid assets of the estate of her mother and father. My father, who was a little immigrant boy, came to this country, worked hard and saved a few dollars, met a lady and decided to get married, and lost his savings. This was shortly after they had married and bought a house. Honourable senators, what a way to start out in the Canadian way of life. This is the "just society," and we are again experiencing that today.

Many years later, my friends in the CNR were investing money in the Atlantic Finance Corporation. That corporation had a large office in London, Ontario. In the window of that

office, there was a large sign. There were also many newspaper adds telling the public that they were selling this great new deal with interest rates at 12 per cent. Everybody went down and jumped in. I checked with my lawyer and he said: "Charlie, I hear noises; stay away from this investment."

Later, this corporation got into financial difficulties and before the financial mess was over, several companies were in deep trouble, falling one after the other in a chain reaction and thus causing hundreds of residents of the southwestern Ontario area to lose investment money to the tune of over $20,000.

Honourable senators, looking back, we remember the trust companies in Niagara Falls and in the St. Catharines area going under. I say to you, honourable senators, that there is something wrong with our financial system when these organizations are allowed to fail. Therefore I wish to state that tonight I speak on behalf of the CNR pensioners, the teacher pensioners, the Air Canada pensioners and all of the employees who are losing millions of dollars of their hard-earned pension money. I would like to ask a few questions of Senator Kelly on their behalf. If the government believes that Bill C-79 is such an important bill, why is it that the Minister of Finance and the Minister of State for Finance were absent from today's debate in the House of Commons? As a former whip in the House of Commons, after consulting with the House Leader and the Prime Minister, I insisted that the minister whose department was under scrutiny should be in the House to face the debate.

The government of the day has set up the Estey Commission to hold hearings into why the CCB and the Northland Bank needed to be supported and, when this action did not succeed, they were liquidated. Can Senator Kelly tell me why Bill C-79 needs to be rushed through in this final sitting before the Christmas break?

Suppose for the moment that Mr. Justice Estey's commission finds something wrong in the manner in which the banks were managed. Suppose he finds that there was wrong-doing, such as fraud and crooked management. What happens then if Bill C-79 has already passed the House and Senate? Will there be full prosecution of these matters? Why did the government set up the Estey Commission in the first place if they are not prepared to wait for the final report of the proceedings of that commission? In my opinion, the members of the House of Commons and the Senate will look absolutely stupid if they allow Bill C-79 to be passed before the Estey Commission releases its report.

What if there was something wrong in the way that the banks were operating? The uninsured depositors will be laughing all the way to the bank to deposit the taxpayers' dollars that have been used to bail them out.

Bank and trust company deposits are usually insured to the amount of $60,000. After $60,000 is reached, the risk factor takes over. This was the reason for the introduction of the increase in the CDIC insurance from $20,000 to $60,000 after the trust company problem developed. People who invest their money in the deposit areas of banks and trust companies have been warned on many occasions by media articles that $60,000 is the limit. If a person wishes to invest money in a bank or trust company because the interest rates are higher than the rates paid by the big five banks, then he should be prepared to take the higher risks that go with the higher interest paid on the deposits. This makes a great deal of sense.

During my lifetime, I have bought and sold stock, and made money. I have also bought stock on the advice of so-called experts who told me to hang on to it and not sell, as it would go higher. Eventually, the stock went down and I lost. I took that risk, and like many of the investors in these banks, I lost many dollars. Honourable senators, no one came to my rescue; not the company, not the CDIC and not the government. I took the risk, and I lost. I did not go crying to the Government of Canada for help. I accepted the risk and I lost.

Honourable senators, today when I have money to invest, I look for the CDIC emblem on the door of the financial institution. If it is not there, then I am sorry, I walk away and go to an institution where that emblem is displayed on the front door. I also take the trouble to ask the manager of that institution whether the savings I deposit there are insured up to $60,000. Over the $60,000 limit, it is my risk, and I would not expect to be compensated by the Government of Canada. Common sense tells me to withdraw some funds and go to another institution. Therefore, honourable senators, with this in mind, I am not taking any risk.

Honourable senators, I take no risk in my investments. I use common sense and, therefore, I am opposed to supporting Bill C-79, which does not cover all the citizens who made investments in both banks, but instead bails out a favoured few of the uninsured depositors. Senator Kelly can answer my questions in writing.

Hon. John B. Stewart: Honourable senators, I do not propose to delay the house for long, but there are three or four points I should like to make.

I was glad this afternoon to see the Leader of the Government in the Senate assume responsibility for moving second reading of this bill, because I think it is the government's responsibility, and that the government should indicate this in every possible way.

The second point I wish to make is that it was the government itself which for one reason or another decided to intervene in this situation. It decided, for one reason or another, to put together a support package, and it encouraged depositors to leave their money with the banks. That support package was inadequate in the circumstances. As a result, the taxpayers are now being asked to come up with something like a billion dollars. It was the government that made the decision to intervene, and from everything that has been presented here, either in the report or by way of a speech, we can only conclude that the government intervened without taking adequate steps to acquire full information. The government intervened without adequate information.

My third point is that the government failed to sustain the bank. We might be prepared to pay out a fair number of

hundreds of millions of dollars as the cost of success; but here we are putting out something like a billion dollars as the cost of failure. We will make a mistake if we emphasize too much that the means were lost, the money was lost, but we have to recognize that in addition to the means being lost the end was lost—the support operation was a complete failure. I indict the government more on that point, the failure of the whole undertaking, than on the fact that this is a burden on the taxpayers of Canada, although the latter is bad enough.

My fourth point relates to Senator Kelly's statement that the bill is right in this case and at this time. I assume that by using that language he intends to imply that depositors in other cases and in other times should not anticipate so generous an attitude on the part of the government. I think he is right to make that insistence; I think he is correct to emphasize that point. What worries me is that in addition to the money that has been lost, in addition to the fact that the undertaking to preserve these banks was a failure, there is being created in the minds of some investors the notion that they can seek out those situations in which their money will attract very high interest rates in full confidence that at the heel of the hunt the good government of the day will come along and bail them out if things go wrong.

I am sure Senator Kelly wants to quash any such thinking; nevertheless, I think he would agree that there will be people who will think that way. That is an additional disadvantage flowing from this whole situation.

The government should not be intervening in the money market in this way. If there is any section of the economy which ought to be allowed to operate under market force, it surely is the money market, for once the government starts intervening, people will assume that they can undertake "high risk investments" with really no extraordinary risk at all. Then what is the situation of the bank or trust company which does not pay premium interest rates? Honourable senators immediately see how these interventions can distort the money market.

In this case the government made a commitment; it made a commitment by urging the depositors to leave their moneys in those banks. The government is now presenting a bill to the taxpayers of Canada for its failure.

I have no enthusiasm whatsoever for this bill.

Some Hon. Senators: Hear, hear.

Hon. Azellus Denis: Honourable senators, I have a few observations to make in respect of this bill. When this bill was introduced, the Minister of State (Finance), the Honourable Barbara McDougall, made a statement to the effect that the bill was introduced because there were some poor people, some poor companies or some poor corporations that would lose out if they were not reimbursed for amounts over $60,000, and in order to have us swallow that, she told us about the poor fate of the hospitals or the poor municipalities. She forgot and the government forgot to tell us what proportion of the moneys over $60,000 deposited in those banks represented hospital deposits or municipal deposits. So, we were inclined to cry when we heard the Minister of State (Finance) say that in order to save the hospitals money and the municipalities money, we needed this legislation.

When one puts money in a bank it is a business proposition. It is a risky proposition just like any other business. In ordinary matters, when one fails, one loses money, that's all; one is not reimbursed.

I do not understand why the government should reimburse people for sums over the $60,000. In some cases, those people who have more than $60,000 are millionaires; they have plenty of money. When they go to get their cheque they will be driven in limousines, but the taxpayer will walk to the Department of National Revenue to pay his or her $10 or $20 so that the millionaire can pick up his cheque in his limousine.

Those investors put all of their investments into one basket because they were not intelligent enough to put them into 20 different baskets. Perhaps they had so much money that they already had covered every bank in Canada. These big trust companies are going to benefit from this.

As another example of unfairness, the Minister of State (Finance) said that this will not be a precedent; it will not necessarily cover any other bank that fails in the future. Do honourable senators think this is fair? Let us suppose the Royal Bank of Canada failed, or the National Bank of Canada. Do honourable senators think the government will not bail out those with deposits over $60,000? Do honourable senators think that the government is not going to do that? Perhaps not, because the Minister of State (Finance) said that this is not a precedent! We would like to know what proportion of a municipality's money and what proportion of a hospital's money will be covered by the money we are going to vote by this bill as compared to big trust companies and the banks and even foreign money. Perhaps there are some Arabs who have millions of dollars. As Mr. Mulroney used to say, we are signing a blank cheque so it is just unfortunate that this happened in this government.

As Senator Simard has said, it is not the fault of Sir John A. Macdonald, or the Liberal government, or Mr. Clark's government or Mr. Diefenbaker's government, but it is the responsibility of the government that presented the bill, and that is all there is to it.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, ever since the Minister of State for Finance, Mrs. McDougall, appeared in this chamber a few months ago, I have been very skeptical about the way the Government decided to proceed.

I did not intend to express all my concerns in a formal speech, but considering the fact that others mentioned a number of points about which I was particularly concerned, I believe I must agree wholeheartedly with the views expressed by my colleague, Senator Turner, who said that this measure was premature and that we should at least have the decency to wait for the Estey Commission to report on this unfortunate series of events.

When this government was elected and took office, it was going to deal with all the ills of this country. It was going to put the country on the right track, on the road to economic recovery and development. We soon found that its plan had a number of weaknesses, competence being one of the major problems.

From what has happened up to now, it is clear that there has been a great deal of incompetence and a great deal of blind acceptance by the Government of proposals by public servants for solving problems, and a great deal of acceptance of such proposals as Gospel truth. It seems to me that to be a competent administrator, one must start by challenging the information fed by public servants to the government. That is where the government, the Minister of Finance, the Minister of State for Finance and the Prime Minister failed. They assumed that everything public servants said was valid. And I cannot believe all this should be blamed on the previous administration. These events did not occur under the previous administration. They occurred during the mandate of the present administration which was going to solve all our problems.

I think the Estey report will set the record straight. Parliament should have waited for the commission's report instead of relying on what transpires in the course of the inquiry, because there is a difference between what witnesses say and the objectivity a judge can bring to bear on what they said. We should have waited for the whole story instead of proceeding with this legislation. It would have been more sensible.

It's the old story of putting the cart before the horse. So why have an inquiry if they can't wait for the results?

When a person has a car accident, whether he is hit by another car or drives into a ditch or hits the bridge railing, he usually reports to the police. Then he sees his insurance adjuster, an estimate is made of the damages, and often, if two people are involved, negotiations take place between the insurance companies for the two parties. At this stage, an agreement is reached on the amount to be paid. There may be further adjustments when the car goes to the garage and repairs are done, and finally, there is a definitive settlement of accounts.

In this case, I don't think we have had the final accounting yet. There has been no final decision on the matter of responsibility and ethics. There has been no adjustment. There are some people who may be satisfied with the numbers, but in any case I think the government is being far too hasty. They are rushing this legislation. It would not surprise me if we were to hear about other scandals in connection with this case.

For all of these reasons, honourable senators, I refuse to support this bill. It has been a government failure from start to finish. The only ones to blame for this failure are the present government of this country and its advisers. Not the previous administration but the present government, which told any Canadians who would listen: We are ready to govern! However, it failed abysmally to act responsibly in this particular case.

[Senator Corbin.]

[*English*]

Hon. H. A. Olson: Honourable senators, I shall be brief because I made a speech on the report presented by the committee earlier today, but I would like to put some points on the record in this debate, now that the bill is formally before us. Perhaps Senator Kelly, who is sponsoring this bill more or less, could give us an undertaking that the government will take some action, because I can tell him without any reservation that we expect the government to take some remedial action. It might be that they are going to wait until the Estey Commission report comes in so that they can have a better idea of the details of the remedies that they are going to propose. One thing we need, and we expect, is that they will bring in provisions so that regional banks can at least have an opportunity to succeed and, indeed, so that the public, generally, will know that it is safe to deposit their money in regional banks notwithstanding the difficulties that arose with these two. I believe that action could have and should have been taken some time ago to make regional banks safe for depositors.

The other thing we must ensure, without any reservation, is that there will be no possibility of the kind of buck-passing that we have seen in this situation where the Governor of the Bank of Canada has said that he has no way of doing assessments and no capability to do audits and, therefore, he relies solely on the Inspector General of Banks to do that. Then, when we heard from the Inspector General, he said that he did not have that capability either and that he relies on the audits that are done by the external auditors. The buck was then passed to the external or outside auditors, whichever you want to call them, to do an assessment of the assets of the banks. I see that Senator Kelly is shaking his head, but that is what they told us. When those auditors appeared before us, they were very surprised that all the people in the system relied on their auditing of the banks' books and, particularly, had relied on them to do what they called a qualitative analysis of the assets, in other words, an assessment of the loan portfolio. They were surprised that all these people had leaned on them. Quite frankly, I was too.

We hope that Senator Kelly will take these questions seriously, and perhaps he will give us an undertaking that he, as sponsor of the bill in this chamber, will exert the necessary pressure and the great influence he has to see that these remedies are, in fact, taken as soon as possible.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I want to add just a word about this sad story which is represented by this bill and to remind honourable senators that the story, for us, started some time ago. It started when the Minister of State for Finance sat just where Senator Doody is about to sit.

Senator Doody: May I sit down? These are difficult times.

Senator Frith: Yes, you may. I will thank the honourable senator for his assistance.

The Minister of State for Finance, as you will remember, honourable senators, said, and I am paraphrasing, "Calmez-vous. It is perfectly all right, honourable senators. Don't worry; this bank is going to be all right. I know that you are worried about this $250 million, as you should be, but I am here to tell you that all the advice I have received and all the good judgment from the years I have spent on Bay Street, which I can bring to bear on the facts of this case, persuade me and convince me to persuade you to authorize the expenditure of this $250 million because that is all it is going to take and we are going to have a healthy patient. It may be just a bad cold and, with this little bit of cough medicine, it is going to be fine."

Senator Lucier: The baby choked.

Senator Frith: In fact, the baby choked.

Honourable senators, as trustees of the taxpayers' money, we asked what we could do. We accepted the honeyed words, the blandishments, of this elegant lady who came to us, admittedly as a new minister but with a great deal of experience in financial circles, without any doubt and she persuaded us to pass the bill.

Now what has happened? Well, we have heard in evidence in committee, in debates in the other place and in debates here what took place. We have heard of it in the studies and committees that have been launched. Honourable senators, one of the good summaries of what took place, unfortunately, I am unable to find. I was going to quote one of Canada's most popular, at least with me when I am quoting him, financial commentators, Mr. Newman, but I cannot seem to find it.

Senator Doody: I have your quotation here.

Senator Frith: Did I leave it over there? Perhaps Senator Doody would like to read it for me.

Senator Doody: Is this a non-partisan debate?

Senator Frith: I am going to read what a non-partisan observer would contribute to this non-partisan debate if he were here. He said:

> Yet looking back at the tumble of events that made 1985 a time when banking news moved securely onto the front pages, it is still impossible to credit how anyone in his or her right mind could have allowed the Canadian Commercial Bank fiasco to happen. I keep trying to comprehend the sequence of misjudgments that took place and nothing adds up, even if you accept the basic assumption that most of the bit players involved were really trying out for one of those Keystone Kops silent films that consisted mostly of unintentional pratfalls.

Senator Doody: Read the last part.

Senator Frith: I do not want to. I will leave that to you. I do not want to get into personalities.

Senator Olson: It says at the end that the Governor of the Bank of Canada should resign.

Senator Frith: It certainly says that someone should resign.

Honourable senators, what happened is that among all these investigations that were launched was included, as Senator Turner pointed out, a judicial investigation meant, I am sure, to be impartial. How can it be that, if that investigation is to have any effect; if the government sincerely wanted to disclose all the facts; if it really wanted to understand and to share with the people what took place, as it said it did, it is now asking Parliament to pass this bill before learning the results of that report? By the time we get that report, the money will be gone to these masked strangers.

Senator Corbin: In U.S. funds.

Senator Frith: Some of it in U.S. funds.

I say "masked strangers" because the principle of confidentiality, surely, has no application here at all. The principle of confidentiality applies to the relationship between a solvent, healthy bank and its customers and clients. I cannot understand how Senator Kelly could use the word "repugnant." He thinks it would be "repugnant" to have these people's names disclosed.

Senator MacDonald: He was quoting Senator Sinclair.

Senator Frith: If he were using the word "repugnant" and quoting Senator Sinclair, then I find it just as difficult to understand how Senator Sinclair could use the word "repugnant." If there is any repugnancy, surely the repugnancy is in the slick, legal explanation for how there is some conflict between statutes. It is not a matter of saying, "I cannot believe we should treat this situation as if the bank were insolvent; as if it were a bankruptcy." It is insolvent; it is a bankruptcy. It is not a matter of saying, "Now, let me see, how should I look at this? Should I look at this as the principle of confidentiality because there is a little problem as between the wording in some statutes? Should I look at it as a principle of confidentiality whose whole basis is in relation to a solvent and healthy bank or should I look at it as if it were an insolvency?" Honourable senators, this is not a case of "as if." It is insolvent. The repugnancy, surely, is in making the payments without identification of the uninsured depositors—if the payments should be made at all. The principle is clearly one of insolvency.

● (1810)

Kim Hubbard, who wrote some years ago for a western newspaper, was known for his pithy sayings. They were called the sayings of Abe Martin. One of them was: "When a feller says, 'It ain't the money, it's the principle of the thing,' it's the money." That is the principle here—it is the money. It is not the principle of confidentiality; it is the principle of an insolvent bank, and the claimants should identify themselves. We have heard the figures mentioned by Senator Kelly as to those classes of persons to be paid —$200 million here, $147 million there. As Senator Dirksen once said, "A million here, a million there, a billion here, a billion there, and the first thing you know, it adds up to real money." Well, it adds up to real money—$1 billion, more or less; possibly more, possibly less than the $875 million that is being authorized here. I ask honourable senators to remember that the money we voted in

answer to the blandishments and encouragement and assurance of the minister in March is gone. Now we are asked to vote another $875 million.

I can just picture how John Diefenbaker, if he were a member of the opposition, would be talking about this bill:

> Oh, yes,—

he would say,

> —they can find a billion dollars for their friends, the bankers; oh, yes, and for all of these depositors and these foreigners who have been putting money in here. Oh, yes, they can find money for them, but not a penny—not a penny—for the poor. Not a penny for family allowances. "Sorry, we are going to have to reduce family allowances. Our hearts bleed for you, but you must understand we have to reduce the deficit."

Senator Doody: I liked your Gilbert and Sullivan better.

Senator Frith: Do you? You did not really see the Gilbert and Sullivan.

But that is what is happening, honourable senators; that is what we are being asked to do. Eventually, we will receive a bill, C-70, which is going to call for a reduction in the deficit—we will really have to reduce the deficit now because we have just given it a really big boost before Christmas when we persuaded Parliament to pass this bill paying uninsured, unidentified depositors.

Honourable senators, I join with those of my colleagues who feel that they cannot support this bill. Surely, from the point of view of the farmers and of those in receipt of family allowances—from the point of view of every other Canadian or groups of Canadians who have genuine, merited claims—this will look like a shameful superscam. Yesterday, Senator Robertson, in a very eloquent and effective intervention in the debate on the Family Allowance bill, told us that we cannot solve these problems by throwing money at them but that there has to be redistribution. She said that we must understand that we must take from the "haves" to give to the "have-nots." The bill we are being asked to pass today is taking from the "have-nots" and giving to the "haves."

Some Hon. Senators: Hear, hear.

Senator Roblin: Honourable senators—

The Hon. the Acting Speaker: Honourable senators, I wish to inform the Senate that if Senator Roblin speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Olson: If that is true, honourable senators, I wonder if Senator Kelly could take a moment or two to answer the valid questions that Senator Stewart and I put to him? I am sure that he is willing to undertake some of the commitments we asked of him.

Senator Roblin: Honourable senators, I would prefer to make my comments now, after which, perhaps, Senator Kelly could comply with my honourable friend's request so far as he is able to. Would that be agreeable?

Senator Olson: I think that if Senator Roblin speaks now the debate is closed.

Senator Roblin: I am not going to fight about it.

Senator Kelly: I could answer those questions briefly, honourable senators, yes. I believe that Senator Turner raised a question. By way of a quick reply, I have no way of describing any particular reason why, if in fact it is so, the Minister of State for Finance and the Minister of Finance were not in the house when this matter was being debated today. I cannot, therefore, provide an answer to that question.

On the question of the possibility of the Estey Commission finding evidence of fraud and whether or not that would be followed up by the appropriate attorney general, I am quite sure that the answer, clearly and obviously, is yes.

There was a question put by Senator Olson on whether something will be done about what appears to be a faulty method of supervision in the banking system. I think that the Minister of State for Finance has clearly undertaken that that will be done. However, I would like to take a moment to suggest that we keep in mind that the system of supervision that existed at the time this matter became clear had been in existence for some time. There has been a lot of comment about why the minister did not check more carefully on the information she was given. In fairness, and given the history of stability in our banking system, she probably had reason to believe that all was well and that these people were competent. I think that she would be the first today to say that she probably should have been more suspicious than she was. However, the history of the banking system and the way the supervision appeared to be working suggested, in my view, that those suspicions were not necessary at the surface. I am confident that, as both she and Mr. Wilson have said, this whole question of revising the structure, making it stronger and more dependable, will certainly be done.

On the question of confidentiality raised by Senator Frith, I have a document in my hand that is rather interesting. It is Bill 182 of the fourth session of the fourteenth Parliament, 1516, George V, 1925. It is an act for the relief of the depositors of the Home Bank of Canada. There was a bill in 1925 on the collapse mentioned by Senator Turner. It is interesting that there is no reference made in it to the disclosure of the names of those depositors. I suppose that this constitutes a bit of a precedent. I believe that that takes care of the questions that were raised.

Senator Denis: I wonder if the honourable senator would answer the question put when I spoke a moment ago respecting the difference between the amounts of money invested in the bank over $60,000, the money invested by hospitals and municipalities and the amounts of money for the rest of the depositors of those two banks.

Senator Kelly: Honourable senators, I believe that those figures are contained in the references I made in describing the bill. I gather that the question is: What was on deposit from hospitals? There was $5 million deposited by hospitals. There was $80 million deposited by municipal governments.

• (1820)

Senator Denis: What about the rest?

Senator Kelly: It is in the record. I would have to do a little adding and subtracting, but it was read into the record today.

Senator Denis: It is important, because Mrs. McDougall said she was doing that to protect the hospitals and municipalities. I agree with that. But I would like to know the difference between the deposits of those corporations and the amount of other deposits.

Senator Kelly: I think the best suggestion I can make is that I be allowed to read the references all the way through. There are 437 small businesses.

Senator Frith: It is already on the record.

Senator Denis: It must be at least $900 million.

Senator Kelly: Yes.

Senator Denis: You have just said that the municipalities and hospitals had $85 million, and the bill is asking for almost $1 billion.

Senator Frith: That is only about 10 per cent.

Senator Kelly: It is in the record.

Senator Olson: I am sorry. I was mistaken. The answers did not add anything to the debate.

Senator Roblin: Honourable senators—

The Hon. the Acting Speaker: Honourable senators, I repeat that if Senator Roblin speaks now, his speech will have the effect of closing the debate on second reading of this bill.

Senator Roblin: Honourable senators, those are the most welcome words that have been spoken on this matter this evening. The debate will ultimately come to an end. There is one thing about which I am quietly satisfied—if I might use that expression. When the whole of this matter arose, now some long time ago, there seemed to be a suspicion on the part of some that if we referred the matter for discussion to a committee, as I was urging we should do at the time, there was some danger that the committee would not have the power, the authority or the opportunity to examine all aspects of this matter. I gave the assurance then—and I am glad that it turned out to be completely correct—that the committee would be master of its affairs and that it would investigate all aspects of this matter that it wished to examine.

That, indeed, is exactly what happened. The committee met for many long hours. It was well attended by senators from both sides of the house, and I believe the results of the committee's examination were of sufficient depth to make it unnecessary for us to engage in that process again. I would like to say that when I conclude my second reading remarks, I hope that we will proceed to third reading without the necessity of referring it back to committee. If I may, I wish to offer a word of praise to those senators who sat on the committee, whether or not they agree with me, because they certainly stinted nothing in their examination of this matter and their desire to get at all of the facts. If my interpretation is not the same as theirs, then probably that is to be understood; but there is a wide area of the work of that committee in which we are agreed. We are agreed, for example, that the fundamental cause of this problem was the mismanagement of the banks by the banks themselves. That comes out clearly. That is the basic finding of this committee, namely, that the trouble arose because the banks were badly managed. That is a fact that colours everything else that follows. Particularly it colours what follows when we recall the nature of and the manner in which that mismanagement took place, and the way in which that mismanagement is reflected in the books of account of the bank, and of all the figures that arose from the information they were providing to their shareholders in respect of their operations.

So the fundamental cause of our problem, which colours my judgment on what happened afterwards, has to do with the finding of the committee itself that the principal cause of our difficulty was the mismanagement of the banks.

The committee went on to make another unanimous finding, in which there was no dissent, and with which I believe I agree—namely, that the second contributing factor was the attitude of the auditors, who, instead of examining those accounts from a completely detached point of view, allowed themselves to be persuaded by the management of the bank that they could certify those accounts without reservation, and thus give to the wide world, the government and Inspector General included, a picture of events, of transactions and of a financial position in those banks which we now find to have been quite misleading.

So it seems to me that in any review of these affairs, we have to consider the findings of the committee itself, which placed the fundamental root of our problem on the bank management itself, and then on the audited figures by the shareholders' auditors that arose from those calculations.

Who are those shareholders' auditors? In other countries they have different methods of inspecting banks. In the United States it is much different from ours in Canada. Some time ago—I believe after the Home Bank affair, which has been mentioned—we decided that we would have our own system of keeping track of banks, so that the public, depositors and so on, were well informed. We decided to have a system of dual auditing, whereby two auditors would be responsible for providing the information that the shareholders needed. And for many a long year, for 63 years, from the time of the failure of the Home Bank until the present time, that system of dual auditing was thought to be a satisfactory, safe, prudent arrangement by which one could ascertain from time to time the state, the financial condition, the solvency, and indeed the cash position of the banks of this nation. It is not surprising that a system that worked quite well for that period of years acquired a certain aura of dependability, of reliability, of confidence. That is the situation in which we found ourselves when we examined what happened to those banks.

But it did not happen all at once. Several things have happened during the past few years which bear on this issue. One of them has to do with changes in our banking system. A

few years ago we had essentially six banks in Canada, and we did not have an easy and convenient system of establishing regional banks, or of inviting foreign banks into this country. At the last amendment to the Bank Act, that was changed. It was made much more convenient, and encouragement was given to small or regional banks in this country to find a place in our system—and I believe that everyone in this house and in the country agreed that that was a good thing. But what we did not do when we changed that Bank Act some four or five years ago is to make any assessment as to whether or not that altered the Rock of Gibraltar system that we had had for approximately 60 years with respect to the major banks in Canada. I do not think anyone gave a thought to that, or to whether we needed any change in our system of examination, control or oversight that would arise because of the new conditions which were manifesting themselves in our banking system. That is a consideration which a calm reflection of the facts will disclose to have been worthy of comment at this moment, because it certainly had its effect in the years to come.

But what I find rather extraordinary is that, according to the speech given by Senator Kirby, for him the world began in October 1984. He had a lot to say about the culpability of the minister from October 1984 until the present time, of the dereliction of the minister in failing to use her powers to demand further examination or explanation of the banks' figures. He made quite a point of that aspect of our record of the discharge of our duties, by intimating to us, if not saying it in so many words, that in October 1984 she was warned by the Inspector General of Banks that there was something wrong, and she should have done something about it.

Let us take a look at that concept for a moment or two. Does anyone think that the problems of the bank began in October 1984? Not if you read the evidence. If you read the evidence you will know that it started in 1981. If you read the evidence you will know that that is the time when the depression hit western Canada with full force. That is the time when these banks began to experience their troubles. In October 1984 the banks themselves and the Inspector General were optimistic that the worst was over, that they had emerged from this depression in 1981 and 1982 and that in 1984 the worst was over. They were going to surmount their problems and would probably be back on the road to financial health.

All that time the Inspector General had been making reports to the minister in which he raised his concerns about the bank. During the time of the ministers who preceded the Honourable Barbara McDougall and during her time, what happened? Did the Inspector General in any of those reports raise issues which would cause any thoughtful person to say, "I must take some further action"? Did he raise any flag to say to the Liberal ministers or to the Conservative ministers that "there is something seriously wrong here and we have to do something about it"? Did he indicate that in his opinion this was a critical situation? No, and he candidly said that he did not make recommendations of that kind. If you, as a minister in office, have that situation with the experience of the years, with the record of the Inspector General which, up to that time, had been pretty good, receive that kind of comment on a bank that is not in perfect condition, would you not be inclined to accept that as a warning that there was a problem? Perhaps. But you would not accept it as one which would require you to invoke the powers Senator Kirby has suggested we should invoke—and conduct a thorough examination of the bank about what is being done, particularly when it had been the experience of decades that the auditor could be relied upon, that the bank manager's policies were sound and that the Inspector General was well qualified to advise and warn if there was a problem that he felt should be dealt with. That is the situation we were in. However, Senator Kirby wants the world to start in October 1984. It did not. The problem started long before that, and you work your way up to March 1985.

What do you find there? Right up until the very time that the bank itself came to Ottawa to tell the Inspector General that they were in deep trouble, up to that moment, while there was concern, while there were observations that certainly indicated concern, there was not that quality of warning, that degree of concern and difficulty which would have caused the Inspector General to raise the red flag, because he never did so. If he never did so, it seems a bit extreme that a minister of the Crown should be asked to do so, particularly during this time, as there was another actor on the scene. That actor was the Governor of the Bank of Canada. This bank was in trouble before 1984. We all know that it was in trouble in 1983. What did the Governor of the Bank of Canada do on that occasion? He took the trouble, because he thought it was his duty, to tell the public that the bank was sound. He took the trouble to do the same thing in March 1984 when the final deal went ahead.

What Senator Kirby was asking for, as he said, was not hindsight, but foresight. What he really means is that he wanted second sight so that someone would be able to look beyond the reports that were put on one's desk and say, "It is not good enough. I have to do something more than that." I submit that nothing appeared on the minister's desk, according to her testimony and according to the testimony of the Inspector General of Banks, that would cause a responsible public offical to take the action that Senator Kirby said should have been taken. He went on to slate them vigorously because they failed to do it. I do not think that that kind of criticism is telling when one examines the details of the situation in which the minister found herself.

Let us come to the critical point of this business. What was the right thing to do in March, 1984 when this bank got into trouble? Should you have tried to save it? That is the first and fundamental question that legislators, politicians and ministers have to ask themselves. There is no obvious answer. It was quite possible to have let it go. There were councils, and it appears that the Minister of State was at one time, at least, of the view that the right thing to do was to let it go. But what advice was the government given? The government was given advice that it should not allow the bank to go under for a very simple reason; namely, because its preservation would be valuable and important for the stability, legitimacy and credi-

bility of the banking system in Canada. That is no light argument. That is a very important argument and it is one which a responsible government would have to consider. When the government found that two provincial administrations, the Governor of the Bank of Canada and six banks—and we will come to them in a little while—concurred in the principle that it was important to try to save the bank, what was the government to do? I suggest that on balance, if I had been there I would probably have agreed with the minister, who said that our first responsibility is try and save the bank. Then you come to the next question.

Do you know enough about this whole proposition to devise a policy for saving the bank that you can present to Parliament? We have heard a great deal of argument on the point that the government did not know enough to make a sound decision. Certainly, that is a matter of opinion that some members hold very strongly. I say that the government had to work on the information that it had if it was going to save the bank. It is no good saying, "We would like to save the bank, but because we do not have this particular statement we are not going to do it." They had to make a decision in principle about whether to save it and they had to use the information that was available. What was the information that was available? They had available the auditors' statements, which were unreservedly in support of the bank, the opinion of the Governor of the Bank of Canada that it was the thing to do, and they had the observations of the banks. The six chartered banks and the Bank of Canada are not unsophisticated investors. They know as much about the activities of their competition as anyone else is likely to know. They had the information before them and the government had the same information. They decided on the basis of that information that they would subscribe to the principle that the bank ought to be saved.

It did not work. There is nobody on the side of the government who will try and gloss over that fact because it is impossible to do so, even if one were to try. I do not gloss over it. It did not work. The cost of this situation is probably more expensive than if we had let the bank go at the time. However, when you consider the advice and forces that were brought to bear at the moment of the decision, it seems to me that reasonable people might well agree that the government had little choice but to take the step that it took. That is the position that I subscribe to here tonight. It seems to me that the information that the government had was the only set of facts that it could work on. It could decide that the information was not good enough, that it would not go ahead with the bail-out. That was a possibility, but in view of the information from the auditors, the opinions of the other banks who are in the business and have a vested interest in being correct in these things, I think the government was entitled to place some weight and some merit on the information given to it. So here we have this deplorable result, and I make no bones about making that statement.

I would like to deal now with a couple of other points that I think are important and they are in the areas where the committe disagreed. The committee did not disagree as to the situation with respect to the management of the bank; it did not disagree with respect to the actions of the auditors; it did not disagree with the action of Governor Bouey; it did not disagree with respect to its attitude toward what the Inspector General was doing. That was common ground, so I do not intend to cover that at all. However, it did disagree on a couple of other things and one was confidentiality. We know that we are split on confidentiality, and we are not split on a party basis. We are split on a different basis, and we have just as many government supporters on one side as we have members of the opposition. It seems to me that we will soon have an opportunity to find out what the best opinion is on that when Mr. Justice Estey renders his report, because the likelihood is that he has been asked to deal with this matter and he will say what he thinks about it.

Senator Frith: That is like locking the stable door after the horse is stolen.

Senator Roblin: It does not matter if you are locking the stable door after the horse has been stolen. What matters is that you get the thing right, and we are going to try to get it right. We intend to wait and get what we think is not a political judgment but a more judicial one. I do not blame members of Parliament for having political opinions. That is what we are here for, and one can see the politics running all the way through those parts of the report on which we disagree. That is clear enough. However, a satisfactory settlement of those things will probably not be achieved within a political forum; it is more likely to come in a judicial one, and I think we will hear more about confidentiality when Mr. Justice Estey reports. I think he will rule that, all things considered, confidentiality is the right way to go, although I cannot predict that that is what he will do.

Senator Frith: If he rules the other way, then it is too late.

Senator Roblin: On the other main point on which we disagreed with respect to the reimbursement of the banks, I have to admit that that is a difficult question. Senator Sinclair put the case for the banks, I think, in the strongest possible terms. However, there is another argument. Regardless of what sympathy I have for his argument—and it is considerable—I have to point out to you that the banks did not enter into this matter as an act of charity. It was not altruism; it was not even concern for the CCB that brought them into the act. It was certainly one which was primarily motivated—as it should be—by what they regarded as a combination of policy and self-interest. On what other basis could they possibly justify it? Of course they did that. They entered into it because they were concerned about the stability of the system, which indicates again their opinion at the time that it was worthwhile to try and save the bank. They went into it because they knew that they would be involved in the CDIC situation and that this might indeed help them with their losses. Who is to know? They went into it because they accepted—and I am sure they did—the opinion of the Governor of the Bank of Canada that the thing would work, and they went into it because they had a letter of comfort from the Inspector General of Banks. If they had not received a letter of comfort, it would have been a great

surprise to me, because you know what banks are like when it comes to pieces of paper.

They went into it for all of those reasons, but they are sophisticated money managers. They know the banking system and they understood their risk. I can understand them asking for their money back. They have a substantial case, but when you come to weigh the pros and cons of that case, I think it is very difficult to conclude that without a shadow of a doubt they are entitled to reimbursement. I must say that I have that shadow of a doubt.

Honourable senators, I do not wish to detain the house much longer because there have been a great many speeches on this subject and there is not an iota of the matter that has not been covered in one way or another. However, I just want to come back to the principle of ministerial responsibility because that has exercised a number of members. I was brought up in the traditions of the British parliamentary system where ministerial responsibility, I must admit, is regarded in a somewhat different light from the way it is regarded here. I do not intend to recite precedents, but in the last Parliament and in the last government, there were a number of occasions on which some of us—and I hope I was not among them, although I cannot guarantee it—asked for the resignation of various ministers of the previous government on the very same ground of ministerial responsibility, and we were rebuffed; nobody resigned. Therefore I think that one must say that the tradition in Canada is not that clear. I also think there is another—

Senator Frith: You did not have as good a case, that's all.

Senator Doody: You did not have as good ministers, either.

Senator Frith: Poor comparison, I am bound to say.

Senator Roblin: I will tell you one thing: My honourable friend opposite is a good lawyer. He may not have a good case, but he is a good lawyer and he makes the best of it, and I congratulate him on it. However, it seems to me that this question of ministerial responsibility is not as clear-cut as some members of the opposition would have us believe. I have traced in some detail the source of the information which ministers get; I have traced in some detail the kind of support that their judgment received from people whom we are entitled to respect. If we cannot place credence in the opinion of the Governor of the Bank of Canada on financial matters, then just who can we place any confidence in? He is not even a creature of the government. The government cannot order him to say anything unless they give him the instruction in writing. Otherwise, he is a completely free agent, as he was on this occasion, and he was in on the act from 1983, so one would imagine that he kept pretty close tabs on this whole situation.

When one considers the opinion of the trade, of the bankers; when one considers all of those things, it is not just a question of whether the Inspector General of Banks produced the right information or not; it is the fact that the financial community as a whole deemed that this policy was the best one to follow—

[Senator Roblin.]

Senator Olson: Is it a committee decision to bring the bill into Parliament?

Senator Roblin: No, it is not; the government must do that, just as we have brought this bill in. However, on the basis of all that, to say that without a shadow of a doubt some minister ought to resign is, to me, a case that is certainly not proven and I, myself, would not support it.

I say here that we have a bill which is a blow to the Minister of Finance, and let us be sure about that. It is one that has set back our plans to reform the budgetary and deficit situation, which had been showing an improvement over anything we have seen in the last five or six years. It has set that back. I think the economy and the public finances will be strong enough to get over it, but it certainly is a setback and it is a grave disappointment to those who are responsible for the public finances upon whom this burden is being imposed. However, it seems to me that when you have given the depositors in those banks what seems to me to be a pretty clear assurance that it was a safe and prudent thing to do, and this out of the mouths of the most important financial luminaries in the country, not including the ministers, it seems to me that there is a liability that is hard to avoid—if one wished to avoid it—not to deprive those depositors of the full protection that is provided in this bill. I myself express the opinion that I hope that arrangements will be so iron-clad from now on that this situation will not be something that we will have to repeat. The question was asked: What is the government doing to see that it does not happen again? You will be informed, honourable senators, that the government intends to do quite a lot because we want to make sure that not only the CDIC but the Office of the Inspector General and, indeed, the whole regulatory system is completely overhauled and reviewed in the light of what we have learned. I am sure that will come as a welcome piece of information to the members of this house. So be assured, the government is not complacent. We do not take this thing lightly. We regard it as one of the most serious and difficult problems we have had to face. We are not sure that we have the gift of always being right—I do not think we have, but I can say that we have done our best in a difficult situation, and one which I find a good conscience in speaking to justify here tonight.

Senator Frith: Not repentent enough, I might add.

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

THIRD READING

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

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

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

CRIMINAL CODE

BILL TO AMEND (LOTTERIES)—THIRD READING

Hon. Nathan Nurgitz moved the third reading of Bill C-81, to amend the Criminal Code (lotteries).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Bill C-81 is the famous lotteries bill. Briefly, the background is that the federal government and the provincial governments entered into an agreement, the essence of which was that the federal government would get out of the lottery business in exchange for a payment by the provinces of $100 million to support the Calgary Olympic Games, and the provincial governments would totally occupy the field of lotteries.

So that honourable senators will understand what is an excellent report from the committee, the problem, in a nutshell, was that it seemed to us in the committee, and we received evidence to this effect, that the amendments to the Criminal Code that were presented to us as a part of the agreement went much further than they needed to go in order to implement the agreement. I must say that we had conflicting evidence on that subject. We heard from the Province of Ontario on the amendments that were before us—and they were of two main categories; one was a simple amendment that repealed, in effect, the federal jurisdiction or occupation in this area. That we had no difficulty with at all. Then there were a long series of amendments to those provisions in the Criminal Code that deal with lotteries and gambling generally. They seemed to be there as a part of the federal government's undertaking to implement the agreement and make certain amendments to the Criminal Code of Canada.

Ontario took the position that those amendments were very wide and expanded, in effect, the areas for legalized gambling in Canada under the auspices of the provinces. In particular, we were told that it would now be legitimate and legal to use and have slot machines in casino-type gambling operations run under the auspices of the provinces.

Then we heard evidence that said that this bill did not really expand that law because, at the present time, all provinces had that power as a result of the interpretation of a decision in the Loto-Quebec case. So we had that conflicting evidence.

One thing was very clear to us, and that is that if that was so then, even without the bill being passed, the provinces have had, do have and will have the power to run casino-type operations, including slot machines. They did not know that because none of the provinces tried to run those operations. So, we can assume that most provinces at least did not think they had that power.

Then the federal representatives told us that not only does this bill not expand the law, it restricts the current law because it limits certain types of gambling to the provinces themselves and does not permit them to be licensed. Again, that may be the case—that is, that this is not an expansion—but we did get, for example, a response from the Attorney General of Manitoba saying that we should pass the bill with the clear implication that Manitoba felt that they would now be able to use slot machines, whereas the Attorney General of Manitoba did not think they could up to that time.

So, what it comes down to is this, honourable senators; I think that the report really merits careful reading. It does sound the alarm bell; it shows that the study by the Senate committee has raised considerable concerns as to whether or not this does expand the possibilities for gambling. I think most of the members of the committee are satisfied that when we pass this bill we will have taken another step towards legalized gambling.

If honourable senators think back, many will remember, as I remember, the days when this all started. In Canada, generally, I think the public perception was, or the conventional wisdom as to the morality of gambling was that it was not a moral pursuit, that it had terrible consequences for individuals and terrible consequences for society in terms of expanded criminal activity, expanded corruption and, of course, lost lives and ruined lives, and all the traditional corollaries, the unacceptable and terrible corollaries, to wide-spread gambling.

Then honourable senators will remember that those were the days when gambling related to the Irish Sweepstakes. People would gamble on the Irish Sweepstakes. Then the idea started to develop: "Well, why should we have Canadians gambling on the Irish Sweepstakes with the money all going to the Irish hospitals? Why not legitimize it? Why not allow that sort of gambling in Canada?" Honourable senators must remember that the word was "allow". That was, again, the honeyed word that led us to start—

Senator Doody: On the slippery path.

Senator Frith: —on the slippery path, exactly. We started, for the first time, hearing a distant bell saying: "Perhaps the state allowing gambling is not a bad thing; perhaps there is nothing immoral about that." That was the first blow against whatever principle existed as to the morality of gambling.

Then what happened? Then the state got into gambling.

Senator Petten: And the churches.

Senator Frith: Yes, that is a bit of an irony—that is, if it is a moral issue to gamble, why should churches be involved in it? Let us just get back to the state because it is the state that we are concerned with when we are talking about the approval of gambling. We started permitting it when the state realized what kind of income it could get from gambling. It was no longer a matter of permitting it but a matter of encouraging it with the publicity that money was being made from it. The situation is now that you cannot get on a subway in Toronto, you cannot drive down the highway, you can hardly open a magazine without the state saying to its citizens, not simply, "Gambling is permitted" but saying, "Please gamble. This is something we are encouraging you to do. Come and join the fun." I know the plaintive last cry in the wilderness because I know that the game is over when it has got to the point where the state is spending money encouraging people to gamble. Then it is no longer possible to say that our country considers gambling to be a vice, a sin, an undesirable activity, and I urge honourable senators—

Senator Doody: That is why Senator Austin gave it up.

Senator Frith: Are we into uranium?

Senator Doody: Was he not looking after the lottery business here for a while?

Senator Frith: I suppose so but I do not quite get the relevance of that remark.

Senator Olson: He is just as close to it as he usually is.

Senator Frith: It observes the rule of relevance, you mean, as much as it ever does. If we are going to talk personalities and who here has gambled or been involved in running the government's involvement in gambling, I think that is another subject and perhaps Senator Doody will entertain us on that later in the debate. I do not think that we should let this bill pass without the comment that it is just a further step in the state's enthusiastic involvement in legalized gambling. I think it is another illustration of the frustration sometimes of being a Canadian senator when my political power does not match my constitutional power, and that is one of the reasons I am in favour of an elected Senate, but that is getting away from the rule of relevancy, too.

Senator Doody: You might entertain us on that subject at a later date.

Senator Frith: I thought you might mention that. I am sure Senator Austin, if he were here, would have said the same thing, but he is not.

I must say with respect to this agreement concerning lotteries, signed by ministers of sport and so on without the involvement of the Attorneys General, that if I had the political muscle that could match my constitutional muscle, I would certainly vote against those portions of this bill that deal with amendments to the Criminal Code, and would insist that the normal processes that go on when criminal law is amended be observed and not just thrown in as an "oh, incidentally" as they are attached to this agreement.

Hon. H. A. Olson: I have a brief point to make with respect to Bill C-81. There is a sentence in the twelfth report of the committee which states:

> Our concerns with respect to the process of its development and passage in the House of Commons remain, however. We have felt constrained to go into some detail in this report, because these issues were not canvassed in an adequate fashion in the House, where the Bill was considered, in Committee of the Whole and on third reading—

The point I want to make is that I do not think we appreciate the other House commenting on our behaviour or querying why we do or do not do things. I think it is inappropriate to comment on the conduct of the proceedings in the other House and, furthermore, I do not think that the Senate needs to justify why it looks into a matter in its report. If we see things that need to be commented on and suggestions or conclusions made, we should rest on that and not claim that we are doing it because somebody else did not do their job.

Hon. Nathan Nurgitz: Honourable senators, before I make a few brief comments, I should like to respond to Senator Olson in my capacity as deputy chairman of the committee. The committee's view was that had the House of Commons committee made any kind of review of this matter, our committee would have had much less concern and anxiety over this particular bill. But it seems that we got saddled with it, quite frankly without much help. It may be a little unusual that on the report of a bill we have gone into such detail, but there was an attempt made yesterday to report this bill, and with a view to covering almost all of the concerns of the committee we have gone into a reasonably detailed report.

Getting back to the spirit of non-partisanship, Senator Frith has just asked me off the record to raise another point which is a valid one. We know in the lottery business alone across Canada the take from the Canadian public—I assume they are almost all Canadians who purchase lottery tickets—is in the range of $2 billion. The thoroughbred industry has a take of about $2 billion. In Senator Frith's impassioned plea for some morality in the country—and I do not make light of it—that is a tax on what I am sure is the poor to the tune of approximately $4 billion. If someone were to examine the market for either of those two items, you would find a reasonably lower level of the already low income group.

Senator Doody: If they were not low income when they started, they will be low income when they finish.

Senator Nurgitz: As my colleague, Senator Doody, says, if they were not low income when they started, they will be low income when they finish.

Senator Frith: Like horse players who are not broke when they start but they sure are later on.

Senator Nurgitz: There is one thing for us to comment on in considering whether this is good or bad. It is a law that we are providing for the provinces, and there is an agreement signed by ten provincial governments, and it does not say that "we are lotteries ministers." It says that "Her Majesty in the right of the province of" and it binds the government. We did have some conflicting evidence, and without any of us playing lawyer, there is some suggestion that the agreement may be politically binding but not legally binding. The committee felt that its purpose was to approve the bill so as to provide the politically binding mechanism for the political will of these ten governments and the federal government.

I should like to mention that the committee report does not mention a telegram received from the minister responsible for lotteries in the province of Saskatchewan as well as from a comparable minister in the province of New Brunswick and from the newly appointed Minister of Finance of Quebec.

Honourable senators, I should point out that the RCMP and the Ontario Provincial Police provided evidence that, in two provinces of Canada, Manitoba and Alberta, there is a wide range of this kind of operation going on and that there is no other rational conclusion to come to except that it is very well run.

On the other hand, we heard evidence that in the province of Ontario there is a fair amount of illicit gambling going on, that is, non-governmentally-controlled and non-supervised gambling and that, in fact, it includes, if I can just use generalities, well-known undesirables. The evidence referred to organized crime families.

I am not suggesting for a moment that if we had this kind of legislation we would resolve that problem, but, I guess, I am suggesting that if you do not provide a proper mechanism, an improper mechanism will be found.

Earlier today, I was pointing out to Senator Frith that in the Ottawa *Citizen* one can find, in the sports pages, a listing of every National Football League team and its players who are hurt; what the injury is; what the likelihood is of that player playing this weekend, whether it is probable or possible; what the betting line is; and then you can have your choice, if you like, because the United Press International will give you their picks. They often indicate how well their picks have been going—they have been right so many times and wrong so many times.

Senator Frith: Like a tip sheet.

Senator Nurgitz: Yes, like a tip sheet. They are touts. The Ottawa *Citizen* is a tout.

Senator Frith: Or an accessory.

Senator Nurgitz: An accessory to a tout.

Honourable senators, I do not want to delay the chamber much longer. The committee gave serious and extensive consideration to all aspects of this matter, which is a credit to our chairman, Senator Neiman. The committee came to this conclusion. As well, we found no real substantive opposition, even when we looked for it.

Therefore, honourable senators, I urge passage of this bill.

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

TAX REBATE DISCOUNTING ACT

BILL TO AMEND—FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-83, to amend the Tax Rebate Discounting Act.

Bill read first time.

SECOND READING

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

Hon. Jean-Maurice Simard, with leave of the Senate and notwithstanding rule 44(1)(f), moved that this bill be read the second time now.

He said: Honourable senators, I am pleased to address you regarding Bill C-83, to amend the Tax Rebate Discounting Act.

This bill, and the total package of initiatives dealing with the practice of tax rebate discounting, ensures the protection of consumers while being consistent with government policy to maintain an efficient, equitable marketplace for the benefit of all Canadians.

Among other things, an efficient marketplace means that those goods and services desired by consumers are available for them. An equitable marketplace means that consumers have the protection and information they require to make informed choices. These are the principles that have been applied in the government's approach to tax rebate discounting.
[*Translation*]

A Senate committee has already made a preliminary study of Bill C-83. During the committee hearings, two facts stood out very clearly. First of all, we have to correct the deficiencies in the present legislation, to adjust to the circumstances of today's market.

Second, the entire series of measures presented by the Minister of Consumer and Corporate Affairs includes some excellent solutions to the various problems caused by the practice of tax rebate discounting. I wish to congratulate the Minister as well as the members of your committee who were generally agreed that the changes were necessary.
[*English*]

The government's comprehensive package of reforms comprises five initiatives; two of them are legislative.

First, Bill C-83 will lower the cost of discounting. This is particularly important for the low-income Canadians who are the main clientele of tax discounters. Under the new rate structure, fees charged will be limited to 15 per cent on the first $300 of a refund; this takes into account the discounter's fee for filling out a tax return. For any portion of a refund over $300, the rate will be held to 5 per cent.

In practical terms, this means that under the new rate the most a person would have to pay on a discounted refund of $1,000 would be $80, while under the old rate, the cost would have been $150—a saving of nearly 50 per cent.

The bill will increase consumer protection by improving the government's capacity to administer, to detect and to prosecute violations of the Tax Rebate Discounting Act. For example, the time limit on prosecutions under the act will be extended to two years, from the present six months. In the past, it was not unusual to have the time limit expire before complaints could be fully investigated.

In addition, the bill will spell out client rights. Discounters will be made to show clients their calculations, and clients will be sent a form showing the actual amount of the refund received by the discounter, along with the notice of assessment.
[*Translation*]

Third, certain measures will be introduced subsequently by the Minister of Finance to provide for payment at regular intervals of the Child Tax Credit, and this will be done before the deadline for filing 1986 income tax returns. In this way, it

will be possible to practically eliminate the need for resorting to Child Tax Credit discounting.

Fourth, by providing simple administrative measures, the legislation will make it possible for financial institutions such as credit co-ops and credit unions more readily to provide alternatives to discounting. For instance, these new measures could make it easier for financial institutions to obtain from Revenue Canada the information they might need to accelerate processing of a loan application on the basis of an expected tax rebate.

Fifth, honorable senators, the government will launch an information campaign to ensure that consumers are well informed about the facts concerning their tax rebate, including the time it takes to process income tax returns, the fee for completing the returns, the cost of the actual discount and the alternatives to this practice.

The information campaign for the general public will include mailings, together with the Family Allowance cheques, of information concerning tax rebate discounting. Furthermore, the Department of Consumer and Corporate Affairs will be working in close co-operation with the appropriate consumer organizations and legal aid clinics.

I think it would be appropriate to congratulate the minister on the way these measures were taken. Consultation has always been a fundamental policy of the present government in the last year, and Bill C-83 follows in the same tradition. This bill is the result of effective consultation with a host of intervenors. The many views that were aired included those of provincial governments, consumer associations, tax rebate discounters, social service agencies, the business world, parliamentarians and the general public. A working paper was published last June. The subject was also examined at the federal-provincial conference of Ministers of Consumer and Corporate Affairs in September.

[*English*]

● (1920)

The widespread support these measures have already received from various provincial and territorial governments and from groups such as the Consumers' Association of Canada is a tribute to the effectiveness of the consultation that has gone into their development. The consultation process showed that the *status quo* was unacceptable.

Arguments for a ban should be rejected. I know that the New Democratic Party would like to have this practice banned. I do not think that that view is shared by many people. It is not shared by the Official Opposition in the House, nor is it shared by members of the government. Canadian consumers are quite capable of making the choices that are in their own best interests. Canadians have shown by their numbers—over 500,000 in 1984—that they wish to use the services of tax discounters. A denial of this kind of market choice would have been unfair. The challenge was to protect the consumers, reform the service and make it work rather than to abolish it.

[Senator Simard.]

Likewise, it was argued that discounting of the Child Tax Credit should have been banned. The government's role was to prevent the diversion of the Child Tax Credit payments away from low income recipients. This will be done fairly and effectively through the system of periodic payment that I have mentioned.

[*Translation*]

Honourable senators, since Canadians have expressed the wish to have the choice of dealing with tax discounters, the real challenge therefore was to reform the discounting practice. The government began to tackle the concrete problems inherent in that practice and came up with a series of measures designed to revamp a service which Canadians want to use, as they have clearly indicated.

The government faced the challenge. It is to be hoped that both sides of the house will endorse this bill, because these important measures will ensure that discounting will be carried out as any other legitimate commercial practice. The market economy will be protected and consumers will be able to make the necessary choices to make it possible for that market to operate properly.

So far the work on Bill C-83 has progressed rapidly in the Senate Committee on Banking, Trade and Commerce, as it did in the other place. I am convinced and I sincerely hope that this progress will be maintained until Royal Assent.

[*English*]

Hon. Paul Lucier: Honourable senators, I should first like to thank Senator Simard for an enlightening outline of Bill C-83 and for the explanation he presented in support of the bill.

Bill C-83 is a good news and a bad news bill. It is good news because it does improve the present situation. It is bad news because it just does not go quite far enough. Under it, tax rebate discounters will still flourish, and probably more and more people will be forced, through necessity, to avail themselves of these services. As was explained by the sponsor of the bill, there will be additional capacity to administer, detect and prosecute violations of the Tax Rebate Discounting Act. This will be assisted by a change that will allow prosecutions under the act up to a time limit of two years rather than to the present time limit of six months.

The government will later introduce measures that will provide for the periodic payment of the Child Tax Credit so as to enable the recipient to get the payment before income tax returns are due. This will greatly reduce the need to use a discounter. We will wait with anticipation for this proposed change.

The act will encourage financial institutions to offer the same service as tax discounters but at substantially lower consumer credit rates. The minister indicated that this will, at least for the present, probably be a service provided by credit unions and caisses populaires. It would appear that other financial institutions have not shown much interest in this approach. Those who use tax discounting services are to get more information so that they have better knowledge of what is involved.

These changes, honourable senators, are what Bill C-83 will enact into law. For the opposition side of the Senate, these improvements go some way in alleviating what has become a growing burden on the poor.

Under the new act, a taxpayer with a refund due of, for example, $800, which is about the average, will lose 15 per cent of the first $300, or $45, and 5 per cent of the balance of $500, or $25, for a total of $70. Under the old act he would have paid 15 per cent of the $800 refund, or $120. Thus the change does make possible a substantial savings. For going this far, I applaud the government, but what we must really consider is the overall question of tax discounting: Who uses the service? We must also consider whether it should be legal at all.

I would point out that in the United States it is not legal, nor is it legal in the province of Quebec for provincial tax rebates. An interesting sidelight is that the largest tax discounters are H&R Block, a U.S. controlled company, along with Ben-Tax, a subsidiary of Beneficial Finance, also an American controlled company. These two firms together did over 80 per cent of the discounting business, and, I understand, very profitably.

During the 1970s, tax discounting sprang up on a relatively small scale and it was not controlled. Some discounters charged what could be called disgraceful rates. In 1979 about 7,000 individuals availed themselves of the service of discounters. The government of the day realized that something had to be done and regulated discounters by enacting legislation that limited the discount to 15 per cent and included the preparation of the tax return. Regarding the tax return, it is usually a simple preparation. Those who are forced to use discounters for tax rebates do not often have complicated tax returns.

It is often argued that the cost of the income tax return would take care of what the individual loses by discounting. The preparation of the income tax form can be done by the claimant without too much difficulty. Indeed, we all applaud the many community groups that help individuals prepare their income tax returns. In addition, Revenue Canada, according to the minister, will offer Canadians information that may be needed through its system of regional offices.

As I have stated, Bill C-83 is a step in the right direction, but it does not go quite far enough.

I say this because it is an unfair tax on the poor. It has grown from 7,000 claimants in 1979 to 515,000 claimants in 1985. That is quite a little jump. Despite warnings by some discounters that the 15 per cent limit would put them out of business, the industry has grown by leaps and bounds. It has prospered in large measure because of poverty in the country, and also because of new programs that have been developed, particularly Child Tax Credits.

● (1930)

It should be noted that two-thirds of the persons using the tax discount process had incomes of $8,000 or less, a figure far below the poverty line in Canada. A large number are heads of single-parent families with incomes that are desperately low.

Other shocking statistics are that in 1983, 61.6 per cent of the male clients of discounters had an annual income of less than $8,000; and, what is even worse, the figure for females was 82 per cent. So we can see who makes use of the service.

Some would say that the new bill is effective because the amount lost by discounting will generally be less than it was. But whatever the amount, for the poor who use this service, every dollar is important for a marginal standard of living.

It is not enough that the Child Tax Credit shall be paid in instalments, as promised by the minister. If this is done, it will certainly help; but even if that happens, there will still be some tax discounting of Child Tax Credits. It will be done by people who desperately need every penny that can be obtained at the earliest possible moment.

With tax rebates getting larger year by year, it could well be argued that there should be a maximum set rate; and perhaps a figure of $75 maximum would be reasonable.

At the very least, the Child Tax Credit should be excluded from any tax discounting at all. It would not be a terrible hardship on the needy. The Department of Revenue has speeded up the refund process. As of now, the usual wait should be no longer than eight weeks, and, in many cases, it may be done in four weeks. Indeed, it is important that a reduction in the time taken by Revenue Canada to get out the refund cheques should be a prime objective of the government.

It is my hope that in future discounting tax rebates will be made illegal, as it is in the United States. It is an opinion shared by many national organizations. It should be recalled that on April 2, 1985, the Standing Committee on Health, Welfare and Social Affairs in the other place reported:

> The federal government, in consultation with provincial governments, should take steps to outlaw tax rebate discounters.

Provincial Ministers of Consumer Affairs are unanimous in believing that the discounting of Child Tax Credits should not be allowed.

A large part of the business of discounting tax refunds involves Child Tax Credits. In 1983 almost half of all of the users of discounters claimed a Child Tax Credit, and the figure is 83.5 per cent for women claimants.

Income tax rebating is big business, with fees earned in 1984 of $41 million, of which more than $15 million came from claims for rebates for the Child Tax Credits.

I believe that allowing credit unions, caisses populaires, or other co-operating financial institutions to make loans at normal consumer rates, to replace the tax refund discounter, may ease the problem a little; but I predict that it will make a small inroad into the growing number who use the high-cost service of income tax discounters.

In June 1985 the Department of Consumer and Corporate Affairs published a discussion paper on tax rebate discounting, outlining the historic development, the current system, the options available, and the limitations on federal action. It was a candid and complete presentation of the subject. The paper used many statistics which are of interest, and I will give

honourable senators just one dealing with median incomes. The 1983 median income of all tax filers was $13,520. The median income of all discountees was $5,573. The median income of all female tax filers was $8,884—which is a very dramatic indication of the income status of those who use tax discounters.

What was the response of national organizations to that discussion paper? The Consumers' Association of Canada favours lowering the discount rate to 7 per cent and suggests that discounters should be required to have past business experience, and that only year-round operations should be licensed. It also recommends the streamlining of Revenue Canada's taxation procedures so that refunds on uncomplicated returns can be expedited.

The National Anti-Poverty Organization takes the position that tax rebate discounting should be illegal. It argues that such services are very tempting for the poor, but that they lose too much in the transaction. In its opinion, in addition to increased credit facilities for the poor, a streamlining of the tax refund system by the government is the key to ending the exploitation; and it points to Quebec's legislation as a single efficient model. The Canadian Advisory Council on the Status of Women responded as follows:

> The Canadian Advisory Council on the Status of Women recently considered the question of tax rebate discounting, and has resolved that the practice should be immediately outlawed.

Another sentence from their reply is:

> By prohibiting the practice, benefits received by low income Canadians would rise by $41 million, without increasing the deficit.

That sounds to me like a good use of money. I fully respect the opinion of the Minister of Consumer and Corporate Affairs that people should have freedom of choice, and for that reason he feels that the amended act, with its new features, should be helpful in assisting them. However, I do not agree that his solution is the best one. An individual cannot sell to a discounter his Old Age Pension or Family Allowance. I believe the same should apply to child tax benefits.

As Canadians, the government and the people want to do whatever is financially possible to assist the poor and needy. Bill C-83 helps to a degree, and for this we must be thankful. However, it does not go quite far enough, as I stated earlier. It is my hope that the government will closely monitor the results and will bring in further amendments that will rectify the situation, or will abolish entirely the whole practice of tax rebate discounting. We, as a responsible opposition, will cooperate fully with any government action to assist the needy in this country.

Honourable senators, I would again like to thank Senator Simard for his presentation. We will support this bill; and since this is the last bill that we shall be dealing with in 1985, I would like to take this opportunity to wish all honourable senators the very best.

Motion agreed to and bill read second time.

[Senator Lucier.]

THIRD READING

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

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon the Acting Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

20 December 1985

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 20th day of December, 1985, at 8.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be
Sir,
Your obedient servant,
Leopold H. Amyot
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act respecting the reorganization of the Canada Development Corporation (*Bill C-66, Chapter 49*).

An Act to amend the Criminal Code (prostitution) (*Bill C-49, Chapter 50*).

An Act respecting the provision of compensation to depositors of Canadian Commercial Bank, CCB Mortgage Investment Corporation and Northland Bank in respect of uninsured deposits (*Bill C-79, Chapter 51*).

An Act to amend the Criminal Code (lotteries) (*Bill C-81, Chapter 52*).

An Act to amend the Tax Rebate Discounting Act (*Bill C-83, Chapter 53*).

The Honourable John W. Bosley, Speaker of the House of Commons, then addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1986 (*Bill C-89, Chapter 54*).

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

CHRISTMAS GREETINGS

Hon. C. William Doody: (Deputy Leader of the Government): Honourable senators, before I put the adjournment motion, may I take this opportunity to wish all my colleagues on both sides of the house a very Merry Christmas and best wishes for the coming year and for many years to come.

Please do not take all this too lightly. I honestly mean it. It has been a very pleasant year. I look forward to many more pleasant years. After that last exhibition, I am happy that I am in the Senate, as I am sure the rest of you are.

[*Translation*]

The Hon. The Acting Speaker: Before leaving, I too would like to wish you a Merry Christmas and a Happy New Year. The best way to do this is to drink to your health.

[*English*]

Before I leave the Chair, I should like to express to you best wishes for Christmas and the New Year, and there is no better way to offer greetings than by raising a glass of cheer.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, because of the late hour, I have decided not to proceed with the prepared speech and program of carols I had intended to offer this evening.

I simply say, on behalf of my colleagues on this side, that I ditto with enthusiasm the comments of Senator Doody and His Honour the Acting Speaker.

ADJOURNMENT

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

That when the Senate adjourns today, it do stand adjourned until Tuesday, 21st January, 1986, at two o'clock in the afternoon.

Motion agreed to.

The Senate adjourned until Tuesday, January 21, 1986, at 2 p.m.

THE SENATE

Tuesday, January 21, 1986

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

Prayers.

[*Translation*]

HON. JEAN-PAUL DESCHATELETS, P.C.

TRIBUTES ON RESIGNATION FROM SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I was very sorry to hear that Senator Jean-Paul Deschatelets has decided to retire from the Senate. He will be greatly missed, and his departure from this chamber means we are losing a man known not only for his exceptional competence and dedication but also for his insight and compassion.

Senator Deschatelets' political career, which goes back three decades, started when he was elected to the House of Commons in the 1953 general election. The fact that he was re-elected every time he stood for Parliament is ample proof of his dedication and hard work. I may add that he was among that handful of Liberals who were elected, and thus had the personal satisfaction of winning their campaign, in the general election of 1958.

In 1963, Senator Deschatelets was appointed Minister of Public Works, and Prime Minister Pearson also made him the minister responsible for Expo 67.

At this point, I would like to say a few words about the tremendous impact Expo had on all Canadians. It not only changed our perception of ourselves as Canadians but also of our country's place within the greater international community. Canada came of age in 1967, and it comes as no surprise that we should owe the organization and success of Expo to Senator Deschatelets.

In 1966, Senator Deschatelets was appointed to the Senate, where he first became Deputy Leader of the Government, and went on to earn the confidence, respect and affection of honourable senators as our Speaker from 1968 to 1972.

Senator Deschatelets has always made the aspirations and concerns of Canadians his own. He was a member of the Special Committee on Retirement Age Policies, which tabled in the Senate its report called "Retirement Without Tears," one of the Senate's most eloquent documents which became a landmark.

In 1981, he suggested setting up a special committee responsible for examining the subject of labour relations in Canada. As we all know, that year was marked by a general strike of post office workers and other equally serious labour disputes. Senator Deschatelets was fearless in his desire to get to the bottom of things in a field that Senator Lawson, an expert on the subject, has described as "this landmine that is across Canada".

A subject that interested Canadians was necessarily of interest to Senator Deschatelets. The senator often commented on the Senate, but there is one remark in particular that will strike a sensitive chord in each one of us here in this chamber, and I quote:

> I express the hope that increasingly, the public will realize that as far as the neediest in our country are concerned, the doors of the Senate are always wide open.

And the senator's door has always been and I am sure still is wide open.

[*English*]

Since his recent absence from the Senate, he has been missed, and he will continue to be missed on both the senatorial and the Canadian political scene.

[*Translation*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I felt I had to say a few words in the language that Senator Deschatelets uses with such vigour and eloquence.

To this incredibly warmhearted man, this true French Canadian endowed with a profound understanding of our history and with that measure of patience we shall always need to resolve our most stubborn and thorny problems, I want to say that his political career has won the respect of all those with an interest in the political profession.

We wish to offer our good friend our best wishes for a prompt recovery and for a long, interesting and satisfying retirement.

[*English*]

Senator Frith quite properly has given the house a recital of the very great accomplishments of our distinguished colleague. I shall not repeat them. We all know Senator Deschatelets as a man who has brought to this chamber a courteous mien, a courtly manner; a man who has demonstrated qualities of reflection; who is capable of incisive comment and contribution to our debates; and, above all, a man of very independent cast of mind. They are no small qualities, and they certainly do not exhaust the list of things that one could say about the merit, virtue and ability of our colleague.

The qualities that remain in my mind, watching him in the performance of his duties here, is the standard of conduct, the standard of deportment, and the standard of intellectual honesty that he brought to the political activity of this house. For those qualities he will certainly be well remembered among the members of this chamber. I know that we all join in

wishing that his health may be fully restored and that he may continue to live an active, interesting and productive life.

I am glad to offer to Senator Deschatelets an expression of warm good wishes on behalf of the government in this chamber on the occasion of his retirement.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Paul C. Lafond: Honourable senators, I had the pleasure and the honour to know Senator Deschatelets long before he considered entering politics. We are old friends.

What has always struck me and what I remember from our friendship, which I hope to maintain, are his sense of conviction and his extreme courtesy at any time and in any circumstance.

Like all of you I am sorry to see him leave, but time does take its toll. I remain in close contact with him and I can say that his health has improved considerably. I wish him good health and I hope he will be able to enjoy long years of retirement filled with good memories.

• (1410)

[*English*]

Hon. Henry D. Hicks: Honourable senators, perhaps I could add just a word. When I entered this chamber, Senator Deschatelets was the Speaker of the Senate. After he finished his term as Speaker—and I may say that he was a very good one, too—he became my seat-mate, occupying the seat from which I am now speaking. At that time I was seated in the seat to my right. We became good friends. I do not say that was in consequence of our proximity of seating in the Senate, but at least it gave us an opportunity to get to know one another a little bit better than we might otherwise have done. He is all those things that the honourable senators who preceded me—particularly Senators Frith and Roblin—have said. He is indeed a man who understood the nature of this chamber, who understood the process of government and who understood the function of Parliament. He never failed to contribute to the discussions that were at hand with the independence of mind to which Senator Roblin referred and which was characteristic of him throughout the portion of his political career with which I am familiar. I am sorry that he is gone from our midst. I join those who have spoken in wishing him a satisfactory retirement, an improvement in his health and a life that will continue to be of interest and usefulness to him and to his friends.

Hon. Hartland de M. Molson: Honourable senators, like many of you, I have known Senator Deschatelets since he came to the Senate. I got to know him particularly well in the last few years when he chose, because of his convictions, to sit with our small group here which some call Independents and others call simply "those who wish to vote according to their conscience." Since that time I came to know his thinking and I came to know a great deal about Jean-Paul Deschatelets. All that has been said about him by our colleagues today is certainly warranted and more than true because he is a man of the very highest integrity. The fact that he decided to cease to be a member of the caucus does not constitute a reflection on his party, nor does it indicate disagreement with the political process in Parliament. He chose this course simply because he felt that his conscience should direct his actions. As we all know, he has been ill for some time. It is regrettable that we have not had the benefit of his presence and opinions over the last few months. I join with my other colleagues in hoping that during his retirement his health will improve and that he will have many long and happy years.

HIS EXCELLENCY YASUHIRO NAKASONE PRIME MINISTER OF JAPAN

ADDRESS TO MEMBERS OF BOTH HOUSES PRINTED AS APPENDIX

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I ask that the address of the Prime Minister of Japan, delivered on January 13, 1986, to both houses of Parliament, the introductory speech by the Right Honourable the Prime Minister of Canada and the speeches of the Speaker *pro tempore* of the Senate and the Speaker of the House of Commons be printed as an appendix to the *Debates of the Senate* of this day.

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

Hon. Senators: Agreed.

(*For text of address and introductory speeches, see appendix, p. 1843.*)

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-70, to amend the Family Allowances Act, 1973.

Bill read first time.

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

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

QUESTION PERIOD

[*English*]

TRANSPORT

CN RAIL—REDUCTIONS IN SERVICE IN NEWFOUNDLAND AND EAST OF MONTREAL

Hon. Royce Frith (Deputy Leader of the Opposition): I have a question relating to the Canadian National Railways and its operations in the east. As reported in the *House of Commons Debates*, there were two questions raised regarding

the proposals for closing operations in Newfoundland and also a general comment relating to all operations east of Montreal.

● (1420)

When the minister dealt with both of these questions, he took quite a strong position, and my question arises out of that position. There is a question mark left arising out of words he used with regard to closing CN's operations in Newfoundland. He said that he and the railway chief denied that there were any informal proposals to close CN Rail operations. In another part of his answer he used the word "formal".

Could the Leader of the Government in the Senate try to clarify for us by consulting with his colleague what he meant by the word "formal", and whether CN has made any "informal" suggestions about closing operations in Newfoundland?

The second question arises out of a statement made by a member of the board of directors stating that—and this is supposed to be a quote—"everything east of Montreal is a disaster." I wonder if the Leader of the Government could give us some details on that.

Senator Doody: He was talking about CN Rail.

Senator Frith: That is right.

Senator Marshall: Many things in Toronto are disasters.

Senator Frith: Senator Marshall has said that there are other areas of disaster, and I certainly do not want to limit the minister. However, my question does arise out of the fact that a member of the board is alleged to have said that "everything east of Montreal is a disaster." I wonder if the leader can get us details as to what was meant by that member of the board of directors.

Hon. Duff Roblin (Leader of the Government): I can offer a few comments in answer to the question. It is generally known that the future of CN Rail's operation in Newfoundland is not a new issue; that has been batted around this country for quite some time now. The fact of the matter is that those operations were included as part of the arrangements for the confederation of Newfoundland with the rest of Canada and, as such, that matter has to be treated as a constitutional question.

So, whatever discussions may take place—and I have no knowledge of any that might be described as "informal"—they are meaningless in respect of this matter, because, if any change is contemplated, it will have to be dealt with at the highest levels.

With respect to the part of the question relating to the disastrous rail situation in eastern Canada, I noticed that the member of the board of directors who is quoted—if he said it, in fact—very carefully refrained from advertising his name, because if he had I am sure he would be hearing from many people in Canada who feel that CN Rail provides an essential service in eastern Canada and who expect, quite rightly, that that service will be continued.

Senator Frith: Perhaps the leader could get us that name. There were widespread changes made to the make-up of the board of directors of CN Rail by this administration. A number of members appointed by the previous administration were asked to leave and new appointments were made by the current administration. No doubt the information as to who this director is is in the hands of the government, so perhaps we can get that name.

Senator Roblin: The list of names is well known; it is a matter of public information. But I do not think I will undertake to verify a report in a newspaper in respect of this matter, particularly as a question of privilege might well be raised in respect of it.

AGRICULTURE

SUGAR-BEET INDUSTRY—GOVERNMENT POLICY
WESTERN CANADA—DROUGHT AND OTHER CONDITIONS—GOVERNMENT ASSISTANCE

Hon. H. A. Olson: Honourable senators, my question is for the Leader of the Government in the Senate and relates to establishing a national sugar policy. This is a subject Senator Fairbairn and I have been asking questions on for a number of months now. My notes indicate that on May 28 we began asking the government what the sugar policy was going to be. However, Senator Fairbairn may have raised a question even earlier than that.

Since we are coming to the time of year when farmers are making advance preparations for what they intend to seed, I wonder if we could know now, or soon, whether or not there will be a national sugar policy in place that will allow sugar-beet producers in southern Alberta to prepare to plant a crop this year.

My second question is a related one because it affects the same area, in part, although the area is somewhat larger. I wonder if we could know the terms and conditions under which the payments will be made to the producers in the drought area resulting from the $150 million the government announced some time ago. I am unaware if, in fact, the government has issued any instructions as to the terms and conditions and, indeed, who will qualify and who will not qualify for payments out of that fund. Perhaps such instructions have already been issued by the government but, so far as I know, the people who expect to be

the recipients of this fund do not yet know whether they qualify, nor do they know the terms and conditions under which they will be paid.

I would appreciate it if the Leader of the Government would give us some answers today. If not, would he take notice of my question and, perhaps, provide us with a response tomorrow? After all, the government has now had four weeks since we last raised these questions to prepare the details of administration. Certainly, the producers from the area I represent would like to know what they are going to be.

Hon. Duff Roblin (Leader of the Government): Honourable senators, a policy statement will be forthcoming with respect to the 1986 sugar-beet policy. I am as anxious as my friend to get it on the table. I undertake to continue to request my colleagues to provide that information in good time.

Respecting the second matter, yes, a statement has been made on the crop drought assistance program and application forms have been mailed to farmers in Saskatchewan and Alberta. A telephone number has been provided so that they can obtain any information they require which is not apparently clear to them on receipt of the forms. The toll-free telephone number is 1-800-667-7121. We hope all farmers will be able to get any information they need by the use of that number.

Senator Olson: That is helpful. I wonder if senators or members of Parliament could at least have a printed copy of the terms and conditions, or the regulations, whichever you prefer to call them. I do not mind calling the number since that is easy, but surely a printed form must be available. I will check to see if one has been sent to my office but, if it has not, I would appreciate it if I could have one.

Senator Roblin: Honourable senators, there has been a general distribution of this information. If, on checking, my honourable friend finds he does not have it, I will be more than pleased to provide him with another copy.

Senator Olson: I have one final supplementary question. Perhaps this matter has not reached the stage of urgency as yet but the question as to whether or not there will be a crop planted in 1986 will become progressively more urgent because, I believe, some of the beet producers will have to know by mid-February if they should make arrangements for seed and for a number of other things for the 1986 production year.

Would the Leader of the Government convey the urgency that is going to become progressively more intense to the people who are involved in announcing policy?

Senator Roblin: My honourable friend and I are of one mind in the matter.

HUMAN RIGHTS

JAPANESE-CANADIANS—GOVERNMENT APOLOGY AND COMPENSATION

Hon. Jerahmiel S. Grafstein: Honourable senators, on the outstanding issue of an apology and compensation to Canadians of Japanese descent respecting acts of the Government of Canada during and following World War II, it appears that bills are now proceeding before the U.S. Congress, both the House of Representatives and the Senate, offering an unequivocal apology and direct, partial compensation in the amount of $20,000 U.S. to each American of Japanese descent who was incarcerated in the United States during the Second World War.

I am informed that the Minister of State for Multiculturalism has refused to discuss this issue with community representatives of Canadians of Japanese descent, and intends to announce government policy unilaterally on this question.

Would the Leader of the Government in the Senate inform us as to the government's position on this question in light of Mr. Mulroney's unequivocal promise reported in the *Globe and Mail* on May 16, 1984, which was as follows:

> —Canadian citizens whose rights were abused and violated and trampled upon indeed should be compensated—

Would he also answer this question in light of the undertaking given by the Minister of State for Multiculturalism and announced in a press release by his department dated December 15, 1984, where an undertaking was given to establish a negotiation process? I would quote the points outlined in that statement, which are as follows:

> 1) the time frame for the process of negotiation
>
> 2) the wording and content of the official acknowledgement of the injustices suffered by Japanese Canadians
>
> 3) the amount and nature of compensation
>
> 4) the steps that should be taken to prevent the re-occurrence of such injustices
>
> 5) the possibilities of a series of meetings with Japanese-Canadian communities across the country

It would be appreciated if the Leader of the Government in the Senate could give us the government's current position in light of these facts.

• (1430)

Hon. Duff Roblin (Leader of the Government): Honourable senators, that is the sort of question I really like to hear in Question Period in the Senate—it lends itself to a short, succinct, decisive answer. But seeing that it does not do any of those things, I shall tell my honourable friend that I think the policy of the present government represents a distinct advance over that of its predecessor, which refused to discuss the matter under any circumstances. Therefore, it seems to me that we must give the minister in charge some credit for his willingness to discuss this matter. I also think that my colleague would not agree that the minister's conduct in respect of this matter would go so far as to refuse to discuss this issue with people on the other side of the question. I will certainly ask him to make a comment on that.

The policy of the government is clear. We recognize the injustice that has been done to these, or, indeed, to any citizens of the country. We are searching for an appropriate way to give expression to that recognition, whether it be in terms of words or in terms of money. However, the real crux of the matter, in my opinion, is to try to find an agreement which is regarded as being equitable by the parties concerned and by the government. That is the problem. I will state frankly that we have not found that meeting place yet; we are still trying to find it. I think I am quite correct in saying that we will persevere in our efforts until something suitable has been worked out.

PENITENTIARIES

CONDITIONS—GOVERNMENT STUDY

Hon. Earl A. Hastings: Honourable senators, I have a question for the Leader of the Government in the Senate which will lend itself, I am sure, to a short, succinct response. It deals with the statement made by the Solicitor General that he is "studying" a situation in Kingston Penitentiary where tensions are reported to be high and where inmates are threatening violence. Could the government leader encourage his colleague to include in that study the Drumheller institution and the Stoney Mountain institution, both on the prairies, where I can assure him the same general conditions exist today?

In raising this matter, I should like to advise the Solicitor General that nothing contributes more to unrest and tension in those institutions than change and uncertainty. The conditions prevailing today result, in part, from the overcrowding in practically every institution. Perhaps an even greater contributory factor would be the punitive, regressive steps proposed in the government bills C-67 and C-68—provisions which merely serve to lengthen the sentences of men in custody on the premise that those men will likely commit an offence when released. Those provisions do not offer any long-term measure of public safety, as we are told by the chairman of the National Parole Board. Further, there is no means by which a future offender could be identified or future conduct could be predicted with any degree of success.

Senator Frith: He said that the answer could be short—you cannot have it both ways.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will resist the temptation to reply in kind. I will merely say that I will see that my honourable friend's pointed observations are brought to the attention of the minister.

INDIAN ACT

REINSTATEMENT OF INDIAN WOMEN TO MEMBERSHIP OF INDIAN BANDS

Hon. Len Marchand: Honourable senators, I have a question for the Leader of the Government in the Senate. Could he provide to this chamber a report on the reinstatement of Indian women to band membership and the reinstatement of the first generation offspring to status following the passage of Bill C-31? That occurred, I believe, towards the end of June last. When I was home for the holidays, I received a number of complaints from my friends that this process is slow, indeed. For example, on my home reservation of Okanagan, only one person has been reinstated to band membership.

I will be grateful if the Leader of the Government in the Senate can provide some information in this regard.

Hon. Duff Roblin (Leader of the Government): My honourable friend will correct me if I am wrong, but I am under the impression that the reinstatement provisions of Bill C-31 are really in the hands of the bands concerned. In any case, if he will submit his question as an order for return, I will get an answer for him.

Senator Marchand: Honourable senators, I had considered that route but it is a rather slow process. If the government leader would be so kind as to treat this as an urgent matter—because it is an urgent matter—I think that many in the Indian community would be happy. It is now several months since the bill was passed. The minister responsible at the time the bill was being considered assured us that the process would move along quickly, but it has not.

Senator Roblin: I will do my best to expedite this matter for my honourable friend.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have no delayed answers to oral questions.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I should mention that we had hoped that during the Christmas break some of the outstanding questions would have received attention. We have prepared a list of such questions. I do not want to be mean but I do want to tell the Honourable Leader of the Government in the Senate that a number of my colleagues are looking forward to answers to their questions, some of which have been on the paper for some time.

Senator Roblin: There are a number of delayed answers to questions which are on my desk now for presentation to the Senate, but we were not quite ready to proceed with them this afternoon. If my honourable friend would be so kind as to give to me his list, I will do what I can to expedite any of those that are still outstanding.

Senator Frith: I will gladly do so.

RIGHTS AND FREEDOMS

CANADIAN FORCES—SPOUSES OF MEMBERS—MOTION IN AMENDMENT—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Marsden, seconded by the Honourable Senator Stewart (*Antigonish-Guysborough*):

That the Senate do urge the Government of Canada to permit freedom of assembly and speech, and such other freedoms guaranteed to all other Canadian citizens, for spouses of members of the Canadian Armed Forces.

And on the motion in amendment thereto of the Honourable Senator Frith, seconded by the Honourable Senator Fairbairn, that the motion be not now adopted, but that it be amended by deleting the period after the word "Forces" and adding the words "and to amend or repeal all relevant regulations and orders accordingly.".—(*Honourable Senator Flynn, P.C.*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, with respect to Order No. 4 and if I have read my notices of committee meetings correctly, it would seem that our colleague, Senator Flynn, has before him a busy week in terms of his responsibilities as joint chairman of the Committee on International Relations. Since Order No. 4 stands in his name, I wish to inform him and the government that we would like to refer this subject matter to committee. Senator Flynn and I have almost reached agreement on this. I mention it only because he will no doubt be reading the *Debates of the Senate*. When he returns, perhaps we can discuss having this matter referred to committee, as is the intent of the amendment.

Senator Doody: I will certainly pass that information along to Senator Flynn.

Order stands.

[*Translation*]

INTER-PARLIAMENTARY UNION

SEVENTY-FOURTH ANNUAL CONFERENCE, OTTAWA, AND SPRING CONFERENCE, LOMÉ, TOGO—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Bosa calling the attention of the Senate to the Seventy-fourth Conference of the Inter-Parliamentary Union which was hosted by Canada in Ottawa from 2nd to 7th September, 1985, as well as to the spring Conference which took place in Lomé, Togo, from 25th to 30th March, 1985.—(*Honourable Senator Corbin*).

Hon. Eymard G. Corbin: On November 7, honourable senators, our colleague Senator Bosa gave us a summary of the 74th Conference of the Inter-Parliamentary Union which was held in Ottawa in early September 1985.

I want to explain why I am taking the floor today: the fact is that Senator Bosa did not tell you everything. He did not mention a rather disagreeable behind-the-scene incident which occurred during the conference. Since Senator Bosa was not directly involved in those problems, he did not have to refer to them in his remarks, and therefore I do not blame him.

However, I consider the incident serious enough to mention it today. This fact which some people would say was incidental reveals that our traditional freedom of expression is a fragile structure which can come crashing down in the presence of ill-advised, unscrupulous and badly informed individuals.

Over the years I hve had the privilege of being chairman of a parliamentary association, the Association internationale des parlementaires de langue française, AIPLF for short, and of taking part in many conferences held in various countries as well as here in Canada. Never had I witnessed episodes as unpleasant as those which took place during the conference of the Inter-Parliamentary Union in Ottawa.

As an executive member of the Canadian section and the organizing committee, I had been entrusted, together with a colleague of the House of Commons, with the direction of a sub-committee responsible for the security of the delegates and the facilities during the conference which was held at the Ottawa Congress Centre. I attended faithfully all the proceedings, even though I was not an official delegate. I feel, therefore, that I am well enough informed of the incidents to tell you about them, I hope, objectively.

It had been decided that a number of seats would be reserved for members of the public anxious to attend these proceedings. Moreover, both as host and organizer of the conference, the Canadian section had agreed to make sure that the public could attend. A contract signed with the officials of the Union's head office in Geneva contained a clause to this effect. Only a few people took advantage of this opportunity, in view of the fact that the conference took place at the end of the summer holiday. The principle had been therefore fully established: there would be no conference without a free admission of the public.

Yet, at one point, a group of six or seven young Iranian men, extremely polite and cleanly dressed, including one with a Canadian citizenship came in. Absolutely all of them had met the security and protocol requirements to be admitted to the conference. One of them had registered with the Press Office. As far as I know, none of them had a criminal or terrorist record. Yet, they were treated in an extremely disrespectful manner by Canadians. At the rear of the general assembly hall, there was a room where delegates, observers and members of the general public could buy food from a cafeteria and have conversations with other delegates and other participants in the conference. Other services, admirably well coordinated by a dynamic staff of parliamentary relations, the Senate and the House of Commons, were also provided in that area. The young Iranians used these facilities to seek discretely—I repeat, discretely—the support of national delegations and individual parliamentarians for the following statement, written in English, and which I will quote *in extenso*:

• (1440)

[*English*]

> In view of our firm belief in the right of existence for every individual on earth, and peaceful co-existence among the nations, we the undersigned, members of parliaments from various countries of the world, take the opportunity of the 74th Inter-Parliamentary Conference to urge governments, parliaments and International Organizations to embark upon the following:
>
> 1—Constant endeavour to bring an end to the Iran-Iraq conflict now well into its fifth year. Recent years of the war indicate that a peaceful settlement, as a result of which the lives of thousands may be saved, is well achievable. Various proposals have been put forward by Mr. Perez de Cuellar, the UN Secretary General, by the Islamic conference, and by the Non-Aligned Movement in this regard, including the NCR (National Council of Resistance) Peace Plan proposed by Mr. Massoud Rajavi, the leader of the Iranian Resistance, on 13 March 1983, according to which a peaceful settlement calling for the immediate declaration of a cease fire, withdrawal of the

armed forces to the internationally-recognized borderlines before the commencement of the war, and the exchange of prisoners of war under the supervision of the International Red Cross, has been deemed agreeable. This plan has met the approvals of the Council of Europe (Written Declaration No. 123, 31 January 1985) and the European Parliament (Document B2-527/85, 11 June 1985).

2—Denunciation of the abuse of human rights in Iran which has so far led to thousands of executions, regarding which a list of 10,300 victims has been published, particularly bearing in mind the Iranian people's desire to attain human rights and fundamental liberties in that country.

In view of our commitment to uphold human rights, peace and democracy, we deem appropriate to stress upon the necessity of backing by the world parliaments and governments for the peace-loving and freedom-seeking efforts of the Iranian people, and to deplore the policy of the Iranian regime in pursuing and insisting on the war.

• (1450)

[*Translation*]

Parliamentarians from 35 countries signed that document, but I was the only Canadian to do so. Those who did came from the following countries: West Germany, Australia, Belgium, Brazil, Canada, the Cape Verde Islands, Colombia, South Korea, Costa Rica, Cyprus, Denmark, Ecuador, Spain, Great Britain, Equatorial Guyana, Haiti, Iceland, Ireland, Italy, Jordan, Luxemburg, Malawi, Morocco, Nepal, Norway, Papua New Guinea, the Netherlands, Peru, Portugal, Singapore, Sri Lanka, Sweden, Switzerland, Uruguay and Venezuela.

The signatories included several senators, Members of Parliament, Speakers of Parliament, as well, of course, as heads of delegations. People from 35 of the 94 countries taking part in the conference signed the document.

That is a lot, more than one third, but it could easily have been twice as many if it had not been for the stupid way Canada, which was hosting the conference, treated the young Iranian pacifists.

Some of my Canadian colleagues refused to sign and others could not be approached. However, many members of the Canadian delegation met the delegates of the Khomeini regime at the conference in a private lounge at the instigation of Canadian officials who had said that they felt sorry for the Iranians because everyone was avoiding them. I was invited to join them, but I refused for the simple reason that these people represented a regime marred by blood and terror. My colleagues justified their action as hosts of the conference and that is their business. However, as far as I know, the Canadian delegation did not meet behind closed doors with other bored delegates.

These young Iranians represented the National Resistance Council. Except for the Canadian citizen I have already mentioned, they were all expatriates studying in the United States. While frustrated in their general objective, they always behaved very properly and with a lot of dignity.

Of course, the Khomeini delegation from Iran at the conference, when seeing the pacifist action of the young expatriates, reacted nearly immediately, and rather rudely and embarrassingly for Canada.

That is when individuals acting for the Khomeini regime, and introduced, I believe under the cover of diplomatic privilege, appeared on the floor of the conference hall, shouting and mouthing obscenities and threats at the young Iranian pacifists, following them outside the Convention Centre, on the sidewalks, in the foyer of the Westin hotel, which, as we know, is not part of the Ottawa Convention Centre, and following them by car right in the middle of Ottawa. The underworld has picturesque terms to describe such individuals, but because of the dignity of this assembly, you will forgive me if I do not use them today.

That is when the Royal Canadian Mounted Police, whose motto is "Maintiens le droit", came into play. In fact, the Canadian organizers of the conference, including myself, had asked for the security services of the RCMP for the previously explained reasons.

We had specifically in mind the prevention of any possible terrorist action against the Turkish delegation, since Ottawa has been plagued with violent criminal attacks against Turkish diplomatic personnel over the last few years.

We had not thought we would have to extend that kind of protection to other delegations in particular. However, the objectives and tactics used by Khomeini agents, the Iranian delegation, with the sanction and assistance of the Iranian mission in Ottawa—how else could those individuals have penetrated and moved about—were to silence young Iranian expatriates, prevent them at all costs from receiving wide support for their resolution from among parliamentarians. I would point out that the Iranian pacifists, representing the National Resistance Council, preferred to ignore even the presence of Khomeini representatives and at no time did they ask for police protection. They only wanted the opportunity to proceed peacefully.

The squad of policemen, with their radios in their pockets and earphones in their ears, spread out without too much discretion, everywhere in the backroom, the parlor, the halls, were watching what was going on. Their most visible presence was exaggerated as to numbers and uprecedented in the rather relaxed environment of a conference of parliamentarians. It put you ill at ease.

Suddenly, I was asked to go down to a private salon in the basement where the young Iranians had been shut in. They had asked to see me. Their confidence flattered me, since I had only talked with them for a few minutes the day before, when I signed their petition. They had been locked in that room under the surveillance of RCMP officers. In my presence, the officers asked them to stop all activities. They requested a commitment to stop asking for support for their resolution on the conference premises, the Convention Centre. The idea was not to "disturb" the Khomeini delegation. The representatives of the National Resistance Council complied with that request.

They did so of their own free will, but regretfully. I repeat, their behaviour was in every respect unimpeachable. They co-operated fully with the security forces. Their presence was not aimed at confrontation. However, they were granted permission to go on attending the debates and asking for support amongst delegations, but outside the limits of the Convention Centre.

Also, having from that point on been identified as a sympathizer to their cause, RCMP officers began watching me also to the extent that they preceded me when I tried to have one of the young Iranians recover press privileges that had been withdrawn from him. The mere presence of the young Iranians highly unnerved the Khomeini delegation which, not only continued to have those young people harassed, but had them also chased around and followed even outside the Convention Centre.

Who amongst you has not been approached, who has not in the past put his signature at the bottom of a statement similar to the one I just read, resolutions supporting peace, human rights, put out by oppressed people? Such is the crime committed by those young people. That is why that "conspiracy" had to be crushed. That is what completely embarrassed the Khomeinis. Had those young people committed such acts on Iranian soil, they would have been imprisoned, tortured, and maybe worse still, who knows—the blood of the martyrs of the Khomeini regime is indisputable proof.

• (1500)

Finally, these young Iranians were prohibited from entering the Convention Centre. Their press privileges were arbitrarily taken away by a former journalist and member of the Senate staff, who, I must admit, ran a very good press centre. In the daily press clippings prepared for delegates, that same staff member forgot to include an article published by the Ottawa *Citizen* about the incident I am referring to. He corrected this omission an hour before the end of the conference, when delegates had already packed their bags. A coincidence, no doubt! Finally, the young Iranian pacifists were confined to their hotel room "for their own good and for their own safety," as they were told by the RCMP.

During that time, the Khomeini gang circulated freely in hotel corridors, elevators and lobbies, looking for the young National Resistance Council's representatives, under the indifferent gaze of the RCMP.

What I found particularly distressing about this incident was the attitude of the chairman of the Canadian delegation who was also chairman of this particular international conference, namely the Member for Surrey-White Rock-North Delta. He did not bother to find out more about the matter or consult his parliamentary colleagues, and without further ado, ordered the RCMP to remove the young Iranian pacifists from the conference premises, including the one Canadian among them, if they refused to leave otherwise. When I dared to challenge his decision, the honourable member's attitude was one of arrogance and disdain. I will not repeat the far from courteous terms he used. I must admit that since then, I have no respect for him whatsoever. He is typical of the extreme right in Canada whose members arouse the indignation of people who are tolerant and respectful of the democratic rights of others.

This was the same member who not long ago was talking out loud and laughing at the back of the room during a meeting of the House Committee on Foreign Affairs. This latest incident strongly confirmed the suspicions I had about him since September. He simply cannot tolerate any kind of protest, however insignificant, however pacifist it may be.

I sum up: Having honoured the commitment to keep a section open to the public, the chairman of the Canadian section threw out young people who had promised to sit there peacefully. Why? In response to the rude and insolent representations of spokesmen for a totalitarian regime which has deleted from its vocabulary the very notion of parliamentary democracy and peace, and which throws in jail—or even worse—those who dare speak out against the fiats or the Ayatollah Khomeini.

The Canadian parliamentary tradition, which allows our fellow citizens and even foreigners to voice their disapproval or their support before Parliament itself, was trampled and disregarded during the Inter-parliamentary Union Conference. Honourable senators, we had an unprecedented opportunity to show to these parliamentarians of the world that we are tolerant of those who express views contrary to ours. Is not the barometer of true parliamentary democracy indeed the freedom of expression of those who are governed and their absolute right to have views which differ from those of the people who govern them, without fear of retaliation? In Ottawa, in September 1985, some Canadians saw fit to put a stop to legitimate and pacifist protests, pretending that they might lead to violence, something which has never been shown nor proven. Their action supported the representatives of the Khomeini regime who did not make a sensible intervention during the whole conference other than arguing with just about everybody.

They pushed away from the site and the vicinity of the conference—which apparently was held under the aegis of parliamentary democracy—a small group of young pacifist students who represented the National Resistance Council opposed to the totalitarian and fanatic regime of Khomeini, who politely, noiselessly and without pressure were seeking the support of world parliamentarians to put an end to hostilities between Iraq and Iran, and restore respect for human rights in Iran.

One of our parliamentarians, on the basis of some questionable authority and for reasons which I feel were unjustified, gave the RCMP more power than it needed under the circumstances. I feel that in this case the RCMP overstepped its authority and missed the target by gagging the young Iranian students and allowing Khomeini's braggarts to walk around and intimidate people as they pleased, under the doubtful cover, apparently, of diplomatic immunity. Otherwise, why did not the RCMP step in to bring these individuals under control instead of throwing the young students out?

As a Canadian, I am not very proud of this kind of behaviour and it worries me. When we give a free hand to our police forces, without too many questions or evidence, we take big risks and create dangerous precedents for democracy. Some may say: "Yes, but this conference had to take place without interruption or incident; throwing these young people out was a good thing".

I believe we are all for the establishment in Iran of a democratic system *de jure* and *de facto*. These young people were promoting a worthy cause. One day, Iran's internal affairs will operate under a democratic system; the cruel Irani-Iraqi war will be over and hopefully Canada-Iran relations will be normalized. I suggest that our future relations with a democratic government in Iran could be conditioned by a better understanding of the conflicting forces and a thorough knowledge of the realistic options which exist already for us, as Canadians.

For the time being, the relations between Canada and Iran are not normalized. I hear that discreet efforts are being made to normalize them. Iran would agree to an exchange of ambassadors on condition that Canada admits "its guilt" in the evasion of American diplomats in 1979. This is the result of secret meetings between Canadian parliamentarians and the Khomeini delegation at the conference. What nerve! I, for one, believe that we should neither admit any guilt nor provide any excuse, still less re-establish so-called "normal" relations with a cruel government which is torturing its people and especially its youth, both within the country and on the battlefield, and which had the gall to send a delegation which was a real pain in the ass during the Inter-Parliamentary Union Conference in Ottawa. I suggest they should get lost.

I understand that the government is being pressured by Canadian and Iranian interests into re-establishing diplomatic relations; but it would be guilty of hypocrisy to bend under these pressures. It would be endorsing everything we have found repugnant about the Khomeini regime since 1979. Iranian individuals who have been tortured, multilated, persecuted, deprived of their basic rights, killed; Iranian families which have been attacked, torn apart and mutilated, deserve that we continue to express our disagreement with and indignation toward the Khomeini regime. Keeping quiet would be to endorse the continued violation of individual rights and basic freedoms in Iran.

But that the Khomeini regime should export this hatred to Canada and manage, through intimidation and with the naive support of some Canadians, to deprive some people of their freedom of expression in the very capital of our country is the last straw! The normalization of relations between our two countries can wait for better days; a democratic and humanitarian regime will surface there soon. But it is high time for Canadians to find out about Iran and what is going on in that country.

We should not prostitute ourselves for a few barrels of oil or a few tons of dates. Let us wait until the wind of madness has died down and fanaticism is buried deep in the sands of Iran before re-establishing real diplomatic and trade relations. Let us wait for democracy to be implemented.

I fervently hope that, in the future, Canadian parliamentarians will be more cautious than they were at the Ottawa conference of the Inter-Parliamentary Union. Otherwise, all their nice meetings, all their eloquent speeches, all their learned and complicated resolutions will seem empty to the public and the rest of the world where, in spite of such unfortunate incidents, Canada is still seen as a land of freedom.

Honourable senators, the International Youth Year came to an end on December 31, 1985. My own contribution was to support the cause of the young Iranians who yearn for peace and freedom. I have the feeling that young Canadians share their objectives and their hopes.

I should also remind honourable senators that Canada was the joint sponsor at the United Nations last December, in New York, of a resolution about human rights in Iran. Do honourable senators not find it strange that, a little over three months after the incident involving the expulsion of young Iranian pacifists from the Ottawa conference of the Inter-Parliamentary Union, the Canadian delegation at the United Nations would endorse and successfully support a resolution deploring the refusal of Iran to admit the special representative of the United Nations Human Rights Commission?

When speaking at the United Nations on this issue last December 5, was Member of Parliament Léo Duguay from Saint-Boniface criticizing the action of his colleague, Benno Friesen, at the Inter-Parliamentary Union conference? We may well wonder.

Here is what Mr. Duguay said:

> Canada continues to deplore the fact that it is not possible for the special representative to go to Iran. Consequently, the allegations of very serious violations of human rights, including executions and torture, are not being investigated and acted upon as requested by the international community.

Later on, Mr. Duguay said:

> We urgently ask the Iranian government to put a stop to religious persecutions and to protect the rights and freedoms of all its citizens.

● (1510)

How comforting and probably how sincere, are those words spoken by Mr. Duguay M.P., on behalf of Canada, on behalf of all of us. Mr. Duguay could perhaps give a copy of his speech to Mr. Friesen, the interim Chairman of the Inter-Parliamentary Union, Canadian section. This could open his eyes.

Otherwise, we might all be taken for a bunch of hypocrites by the international community.

I must also inform you, honourable senators, that the action of the young Iranian pacifists at the Inter-Parliamentary Union Conference in Ottawa, in September 1985, was not an isolated action of a global will to get rid of fanaticism and despotism in Iran.

On Sunday, July 28, 1985, the *New York Times* published a full page containing more than 2,000 names of parliamentarians, ministers, senior government officials and politicians from the United States, Canada—I was pleased to see the signature of the Honourable Renaude Lapointe, P.C.—and 15 other European and Asiatic countries as well as from international organizations which, first, celebrated the day of martyrs and political prisoners in Iran; second, condemned the repressive and warmongering policies of the Khomeini regime; and third, expressed their repeated support to the just resistance of the Iranian people for the establishment of a democratic government.

The newspaper *Le Monde* also published the names of 220 members of the European Parliament who support the Iranian National Resistance Council and its Chairman, Mr. Massoud Rajavi.

On April 16, 1984, the Liberal International, with headquarters in London, England, condemned the violations of human rights in Iran, the mass execution and the torturing of prisoners of the Khomeini regime.

The International Red Cross Committee has spoken against the atrocities committed by the Khomeini regime on November 23, 1984, in violation of the Geneva Conventions on Prisoners of War, and has launched an eloquent appeal to the permanent representatives asking for express support from their respective governments. The European Council, on January 31st, 1985, took a position on the situation in Iran. Sixty-one members signed the written Declaration No. 123 on the abuse of human rights in Iran and supported, as did so many other personalities around the world, the peace initiative of the Chairman of the National Resistance Council, Mr. Massoud Rajavi.

But in Ottawa, the young Iranian pacifists knocked on our door, on the door of that Great Lady, the Inter-Parliamentary Union, and shame, the Canadians threw them out. But nonetheless, those young people had a degree of success. Ironically, because of the way they were treated, they gained many more sympathizers than they would have had they been left in peace.

Honourable senators, I hope those few words will have the honour and privilege of your reflections as to our current and future relations with Iran. The Khomeini regime is not your average totalitarian regime. It is beyond the pale and beyond any concept of decency. For this reason, any parliamentarian living in a democracy would not hesitate to condemn it.

In future, parliamentarians ought to give a warm welcome to those who fight for the restoration of democracy and respect for human rights in Iran and an immediate end to the bloody hostilities between Iraq and Iran which have caused such pain and anguish in both countries and aroused international concern.

An incident, however unimportant at first glance, needs the proper context if we are to understand its real dimensions. And what is that context?

An international conference of parliamentarians who claim to defend human rights, meeting in Ottawa to do what parliamentarians do best, which is: talk! Seven young Iranians came to collect signatures for a petition to promote peace and restore democratic rights in their country.

Why did they bother to come here, to the capital of this country?

To get help, understanding, some support and a signature from each delegate.

Among 7,448 of their fellow citizens who were executed and whose age is known (average age at the time of the executions was twenty-three), 599 were under nineteen and 27 were children.

Among the 7,407 whose education is known, 51.6 per cent were university students or school children, 37.4 per cent were high school graduates, 6.3 per cent were university graduates and 1.7 per cent had either a Master's or Ph.D.

Among 2,433 persons executed whose profession or trade was known, 26.6 per cent were teachers, 25.5 per cent labourers, 12.2 per cent office workers, 10.2 per cent members of the armed forces or the police, 10.7 per cent merchants, 6.2 per cent engineers and 3.6 per cent members of the medical profession.

Among 11,128 martyrs whose political affiliation was known, more than 81.5 per cent were members of the People's Mujahedeen, a socialist political party that forms the core of the National Resistance Council.

Of 10,722 whose manner of death is known, 71.5 per cent were executed. At least 361 died after being tortured and 250 were hanged.

Forty-five women who were executed and whose names appear on the list were pregnant at the time. The real figure is probably much higher. The lists include 130 families who have lost at least three members each, one even eight, as a result of executions since June 20, 1981.

Of the 7,394 martyrs whose marital status is known, 22.5 per cent were married. At least 300 cases of martyred spouses, man and wife, were recorded.

To date, the total number of known victims of executions under the Khomeini regime was 12,028 in September 1985. To those martyrs we must add tens of thousands who died on the battlefront, and we must add God knows how many more who died for political reasons.

That is why and for whom the young Iranian students who represented the National Resistance Council were handing out a sheet of paper, a declaration of support, to the Inter-Parliamentary Union delegates. In the context of Iran's drama, it does not matter to them whether an individual did not understand anything or did not even try to understand.

But now they do not want to get from him lame excuses and letters written to commend their public spiritedness in an attempt to justify himself.

I salute the valour, the courage and the determination of all Iranians who are working to restore human rights and demo-

cracy in their country. I wish them every success, despite the indignities they have to suffer now and again. The support they continue to receive is so much more generous and important. They could not be distracted by a horsefly in a field of ripe wheat.

The Hon. the Speaker *pro tempore*:: Since no other senator wished to take part in this debate, the matter is considered as having been debated.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1833*)

ADDRESS
of
HIS EXCELLENCY
YASUHIRO NAKASONE
Prime Minister of Japan
to
Both Houses of Parliament
in the
House of Commons Chamber, Ottawa
on
Monday, January 13, 1986

His Excellency, the Prime Minister of Japan, was welcomed by the Right Honourable Brian Mulroney, Prime Minister of Canada, and thanked by the Honourable Martial Asselin, Speaker *pro tempore* of the Senate, and the Honourable John Bosley, Speaker of the House of Commons.

[*English*]

Hon. John Bosley (Speaker of the House of Commons): Your Excellency, we are highly honoured to have you address this joint session of the Senate and the House of Commons. I think you can tell by that reception, sir, how you and your wife are regarded by the Members of the House of Commons and the Senate.

May I now call upon the Prime Minister of Canada.

[*Translation*]

The Right Hon. the Prime Minister of Canada.

Right Hon. Brian Mulroney (Prime Minister): Mr. Prime Minister of Japan, Mr. Deputy Speaker of the Senate, Mr. Speaker of the House, ladies and gentlemen of the House and the Senate.

[*English*]

I have today the high honour and distinct privilege of welcoming among us today His Excellency, the Prime Minister of Japan, Mr. Nakasone. To you, sir, and to Mrs. Nakasone we extend a warm welcome to the Parliament of Canada.

Your visit to Canada, Prime Minister, celebrates and cements the partnership between our two countries, for we have become partners in peace, partners in progress and partners in prosperity. There is infinitely more to this than commerce between our two countries, although it goes without saying that we greatly value the fact that Japan is our second largest trading partner. However, there is a common commitment to a free world and a world free from the threat of nuclear war. There is also a shared understanding that perhaps the greatest threat to the prosperity of the developed world is the poverty of the developing world. A partnership based on a mutual range of interests, our relationship has blossomed into a friendship based on mutual respect. For our part, Prime Minister, it goes even deeper, to admiration as well as respect, admiration for the real miracle of modern Japan which is to have brought about an economic transformation in harmony with its heritage.

[*Translation*]

Now, under Mr. Nakasone's vigorous leadership, Japan is moving ahead again, to a new stage of its development, from a leadership role in the technological revolution of today to one in the intricately interdependent world of tomorrow. During Mr. Nakasone's tenure as Prime Minister, his countrymen have increasingly come to share his view that it is not enough to have markets in the world, it is essential to have a place in the world and indispensable to have a view of the world. As it happens, from our window on the Pacific, from our place at the summit table, our two countries have much the same global perspective.

And from our private discussions, Prime Minister, I know we have many shared objectives for the Economic and Diplomatic Agenda. First among our many shared global concerns is our fundamental preoccupation with arms control, with reducing international tensions and reducing nuclear arsenals.

[*English*]

Canada and Japan begin from the premise of two countries which do not allow nuclear weapons on their soil. Japan, alone among the nations of the earth, has experienced the catastrophic devastation of nuclear weapons. It is from this uniquely tragic and poignant vantage point that Japan speaks as an advocate for nuclear sanity and for a very constructive dialogue between East and West. All mankind lives in the shadow of nuclear war but Canadians live geographically and uniquely between the two superpowers, the United States and the Soviet Union. Thus, Prime Minister, we were deeply encouraged by the spirit of the Geneva Summit between President Reagan and General-Secretary Gorbachev last November. We are very heartened as well that they will be meeting again this year and next. There is no more compelling responsibility for leaders of East and West, great powers as well as small, than to encourage the pursuit of a more secure peace.

There is a new, insidious threat to stability in the world, the murderous scourge of terrorism, an international plague that knows and respects no boundaries, from which no person is safe, and to which democracies such as Canada and Japan, to name but two, are most vulnerable. Japan and Canada were linked in the horror of terrorism last year when a bomb exploded among the luggage of a Canadian commercial flight after its arrival in Tokyo. Our people have a right to expect their governments to take forceful action to rid the world of these cowardly creatures who do not recognize the bounds of decency or the dictates of reason.

As it happens, Prime Minister, we, as leaders, are not powerless to do something about this. We can encourage support for more effective enforcement of international law, as you have done on many occasions. Under your leadership at the summit the partners may yet contemplate effective, coordinated action against terrorists of every origin and terrorism in every form.

[*Translation*]

I look forward to meeting you and our summit partners again in Tokyo, as I look forward to our discussions there. Canada is firmly committed to the principles and the process of the Economic Summit of industrialized nations. The issues may have changed since the first summit in 1975. But the challenge remains the same, the imperative of acting together.

Where previously our stability was threatened by external economic forces, we must all confront an enemy within, the surging sentiment of protectionism that threatens the underpinnings of the multilateral trading system.

This is why, on behalf of my colleagues from all corners of the House and the Senate, I praise your courageous determination to open up Japanese markets to new finished foreign products, including our own, especially in the high technology and telecommunications field.

This is why we welcome your support of our trade initiative with the United States, in the knowledge that freer trade between these two partners, the world's most important trading relationship, will lead, hopefully, to trade liberalization among other partners.

This is why we share your commitment to a new round of multilateral trade negotiations, which we hope may begin this spring at the ministerial level, and we have offered Montreal as the site of the talks.

[*English*]

Our commitment to an enhanced multilateral system is a cornerstone of Canadian trade policy. That commitment extends to Asia and the entire Pacific Rim. It is a commitment that goes beyond our interest in trade to an over-riding concern for the development of the Third World and the financial stability of the entire world, for, unless ways and means are found to reduce the level of indebtedness of the nations of the South, the mountain of debt could also crush the nations of the North. I know this is a particular concern of yours in your region of the world, Prime Minister, and I can assure you that we share it in ours.

Your stay with us by no means ends here today. Tomorrow you will visit Vancouver, our jewel of a city, on what is, for you, the far Pacific shore. Your visit to Canada has strengthened the relationship between us and between our two countries. We have become friends as well as partners.

[*Translation*]

Thirty years ago, at the time of your first visit to Canada, our two countries were experiencing strikingly different economic conditions from today. Japan, now in the full flower of technological achievement, was then in the throes of reconstruction. Canada, now in a period of economic adjustment and renewal, was then in an era of unprecedented prosperity and growth.

[*English*]

Then as now, you, Prime Minister, were a member of the Japanese Parliament as, indeed, you have been since 1947. In our Parliament you would be the dean of the House of Commons. The Prime Minister has won 15 consecutive elections in his home district. That only leaves 13 more for me, Prime Minister.

I would hasten to point out to my colleagues that Prime Minister Nakasone is much more than an astute politician who has endured from one generation to the next. He is a learned statesman who, in the traditions of his country, dares to put the global questions as to the future peace and security of mankind. His enlightened perspective springs from a civilization that is both ancient and modern, and from a contemporary society that remains no less cultivated for having become so competitive. This, then, is Prime Minister Nakasone, summiteer and statesman, painter and politician, athlete and author. Esteemed colleagues and fellow citizens of Canada, I present to you the very distinguished Prime Minister of Japan.

His Excellency Mr. Yasuhiro Nakasone (Prime Minister of Japan):

Right Honourable Prime Minister,

Honourable Speaker of the Senate,

Honourable Speaker of the House of Commons,

Honourable Members of the Senate,

Honourable Members of the House of Commons and distinguished guests,

[*Translation*]

It is a great pleasure for me to visit Ottawa, Canada's beautiful and serene capital, and this Parliament, whose splendour is famous the world over. I am particularly honoured with this opportunity to address my dear friends in the Parliament of Canada on the very day it reconvenes in this new year, 1986. I would like to express my sincere thanks to Prime Minister Mulroney, Speaker Charbonneau, Speaker Bosley and all concerned for having given me this opportunity. I also wish to thank the Government and the people of Canada for the very warm welcome extended to me and my party since our arrival in this country.

[*English*]

As I flew into Toronto yesterday I saw vast stretches of land frozen by the bitter cold and covered by silvery-white snow. I was struck by the thought that only those who endure the rigourous challenges of nature can reap her rich rewards. Endurance is a true mark of courage. I salute and pay my deep respect to the generations of courageous Canadians who toiled

to build this nation and have carried on with the task to make it what it is today.

I am further struck by the tolerance and understanding of Canadians toward multiculturalism, and their compassion and support for the handicapped. Many refugees who have unfortunately been driven out of their homelands in various parts of the world are choosing Canada as their final place to settle, and Canada is accepting them. This is testimony that the peoples of the world view Canada with respect, affection, and gratitude, as a nation with a warm heart and humanitarian spirit, which does not discriminate among human beings.

On this valued occasion of addressing the representatives of the Canadian people, I should like to speak on Japan's position and the basic elements of its policies towards the world. I should further like to state my views on how Japan and Canada can co-operate for their own progress and that of the world, as we move on to the 21st century, now only 15 years away.

The basis of Japan's world policy is to seek its peace and prosperity in the attainment of world peace and prosperity. As we put this into practice, we attach the highest importance to strengthening solidarity among the free nations of the world with whom we share common values.

After the end of World War II, the Japanese people, with deep remorse for the past, vowed to pursue peace as their national objective, and set about rebuilding their homeland, guided by the stars of freedom and democracy.

Forty years later, Japan has arrived where it is today, exceeding our expectations of ourselves. In the meantime, there have been major changes in the situation both home and abroad. The international community is asking Japan to make a contribution commensurate with the expanded influence it now exercises. For Japan which has for long enjoyed the benefits of world peace and prosperity, and of freedom and democracy, it has now become a national mission to respond positively to the call of the international community and to exert its energies toward the happiness of mankind. Japan's aspiration to work toward world peace and prosperity, on the basis of enhanced solidarity with the free nations of the world, is thus rooted in the very heart of the Japanese people.

With these thoughts in mind, let me enumerate what I consider to be the main points of Japan's world policy.

The first is the promotion of peace and disarmament. Since mankind first appeared on this earth several million years ago, history has been a constant struggle—a struggle to secure untroubled survival for mankind. It remains a fact, however, that in this age of highly developed human wisdom, the world is still torn by elements of unreason which threaten billions of lives. We owe it to our posterity to strive to eliminate these elements.

The largest single element of unreason is nuclear weapons. Except at the time of the Flood and Noah's Ark, mankind has never before been faced with such a threat of being totally and instantaneously wiped out. Whether mankind has the wisdom to eliminate by its own hand what is of its own making—this is the unprecedented test to which Clio, the Muse of History, is subjecting mankind.

As the only nation ever to have experienced the devastation of nuclear weapons, Japan has steadfastly maintained its three non-nuclear principles, and has been calling at every opportunity for the elimination of nuclear weapons. As a means of achieving this, we have advocated that the superpowers reduce these weapons drastically while maintaining a proper balance. We have also made proposals for arms control and disarmament, including a step-by-step formula for steadily reducing the size of nuclear weapons with a view to achieving a comprehensive test ban.

I have felt it essential that the leaders of the United States and the Soviet Union meet and talk in order to promote peace and disarmament, and have been calling upon President Reagan, General Secretary Gorbachev and others concerned to do so. Fortunately, the two leaders met last autumn in the first U.S.-Soviet Summit to take place in six and a half years. This meeting is only the start of a process and does not in itself warrant undue optimism. But it is true that we have seen the first ray of hope shine on these daunting problems. For my own part, I strongly hope that the two leaders respond to the ardent wishes of the peoples of the world, and continue to negotiate with sincerity and patience until they can achieve the desired results.

The regional conflicts raging in the Middle East, Asia, Africa, Central America and elsewhere should also be important matters of our concern. The conflicts not only affect the lives and safety of those who live in these areas, but also, if escalated, may trigger a major war involving nuclear weapons. Japan has thus been working hard to devise ways of creating a climate conducive to the early resolution of these conflicts, as well as to the prevention of their escalation.

The increase in the stockpile of nuclear weapons and the eruption of regional conflicts are both attributable, in the final analysis, to distrust between the parties involved.

Therefore, the key to the resolution of those issues lies in bringing the parties around, through better mutual understanding, to mutual trust. Indirect as it may seem, efforts have to be made over time to create opportunities for deeper mutual understanding to eliminate mutual distrust, gradually, and to attain mutual trust. Japan views the United Nations and other international organizations as important for such efforts, and intends to exert its efforts to revitalize the functions of these organizations.

I note that Canada, on its part, has attached great importance to the activities of these international organizations, and has been taking the lead in actively promoting them. The people of Japan have never forgotten the very great help Canada extended to Japan in the post-war years as we returned to the international community and joined these international organizations.

The second point of our world policy is to strengthen solidarity among the free nations of the world.

The global political and economic situation has undergone major changes between the end of World War II and today. However, there has been no change whatsoever in the supremacy and legitimacy of freedom and democracy and in our pursuit of these cultural and political values.

Recognizing this, Japan has established as fundamental policy the maintenance of our peaceful and stable society on the basis of political and economic co-operation and solidarity among the countries of North America, Western Europe and Japan, which share common values. Together, these three regions account for half of the world's economic production. We form the backbone of the Free World. Today, as the world is beset politically and economically with increasingly complex difficulties, it is all the more essential that we maintain our trilateral co-operation and unity among the three regions. We need this in order to cope effectively with the problems confronting us, such as, promotion of peace and disarmament, revitalization of the world economy, and meeting the problems of the developing countries.

The seven-nation summit meeting of industrialized democracies is an important forum for our trilateral co-operation. Japan is determined to continue to contribute as positively as it can to our trilateral solidarity while placing our main emphasis on the summit.

The third point of our policy concerns development and prosperity.

[*Translation*]

Since the end of the last war, world economic growth has brought considerable benefits to people the world over, starting with an increase in our collective well-being. We have a duty to consolidate and further develop this economic progress in order to help meet the growing needs of the countries of this world. To achieve this, we urgently need to defend the international system of free trade. However, the free trade system is as fragile as glass, and a recent wave of protectionism is giving increasing cause for concern. I maintain that if we let these protectionist tendencies develop any further, this may lead to a collapse of the economic order we enjoy today.

[*English*]

To defend and promote free trade, Japan has been implementing a series of programs to increase market access, including the reduction or elimination of tariffs, without seeking reciprocal action by our trading partners. These initiatives are aimed at achieving a degree of market openness unparalleled elsewhere. At the same time, we are redoubling our efforts for the promotion of a new round of multilateral trade negotiations within the GATT framework. I intend to join hands and march forward with Canada, which shares our belief in free trade, as we forcefully promote the new round.

It is argued that there is no way to avoid the pitfalls of protectionism other than to vitalize domestic industries and improve their competitiveness. Structural changes in our industrial and economic fabric would be specially conducive to defending free trade. These changes may be brought about through the promotion of scientific and technological innovations that may attract private sector vitality, and by the ensuing transfers of technology and structural adjustment. On the part of Japan, we are taking bold steps to expand domestic demand and are also in the process of tackling fundamental adjustments in our domestic economic structure in the interest of international harmony.

In the world economy as a whole, the advanced industrial countries and the developing countries are the two wheels, without either of which we cannot drive forward to achieve further development. This is why co-operation with developing countries to advance their economies and their welfare constitutes one of the important objectives of Japan's national policy. In this regard, I pay homage to the fact that Canada started its assistance to developing countries as early as 1950. For my own part, I have advocated, ever since my assumption of office as Prime Minister, that there can be no prosperity for the North without prosperity for the South, and have appealed for greater assistance toward the developing world. Japan has already planned and implemented two consecutive programs to double its Official Development Assistance, ODA. On the heels of the successful attainment of these goals, we have recently decided, despite stringent budgetary conditions, upon a new set of policy goals with the twin objectives of raising the total amount of our ODA for the seven years from 1986 through to 1992 to over $40 billion, and of making the disbursement level for 1992 double that for 1985. This new program will enable Japan to continue to expand its ODA, which today ranks in value second only to the United States among the free nations of the world.

I should add that what is noteworthy about the developing world these days is that we are increasingly required to fine-tune our assistance to meet the varying needs that reflect different conditions and stages of development in each country. Japan attaches particular importance to co-operation in human resources development, assigning priority to dispatching experts and Japan Overseas Co-operation Volunteers, and accepting trainees in Japanese companies.

Ladies and Gentlemen, with these policies of Japan in mind, I should like next to state my views on future co-operation between Japan and Canada.

Thirty years ago, in 1955, I visited Canada as a member of the Japanese Diet. I saw industrial facilities in Ontario and Quebec, as well as the innovative heavy reactor at Chalk River. I was struck and amazed by the high level of your industrial technologies, and entertained great hopes for the expansion of economic interchanges between our two countries.

Since then, Japan and Canada have succeeded in expanding the value of their two-way trade by about 100 times, due, in part, to our mutually complementary trade structure. Further, our bilateral economic interchanges have continued to intensi-

fy in a broad range of areas including investment and industrial co-operation. Today, each of us is indispensable to the other.

However, we should not be content with a relationship based merely on economic complementarity. I believe that we, the free nations of the world, should aim at building a world where nations, unfettered by the parochial interests of each or by the walls between states, exchange freely, help one another, highly respect each other's cultural values, and prosper together. That will be a world of true interdependence.

In this context, I note with keen interest Canada's unique role in the international arena. Canada has not just reacted passively to superpower politics but, taking full advantage of its self-defined role as a "middle power", is contributing actively to the building of peace as an international mediator or as a quiet but effective negotiator. This course of foreign policy chosen by Canada has amply demonstrated that any nation should and can play a valuable role appropriate to its characteristics in international politics. You have thus encouraged many nations of the world and have also made them aware of their respective responsibilities. Your contribution in this regard has indeed been immense.

Japan, for its part, is playing its own role in the international community through the world policies I have outlined and is exploring new ways of contributing. In this context, I propose that Japan and Canada consult and co-operate even more seriously on such problems as world peace and disarmament and on our policies to achieve prosperity in the developing countries.

With the Tokyo Summit in May and the expected start of the new round of multilateral trade negotiations in September, 1986 is an important year for the international community, which may determine whether we can expect a sustained growth in world trade and economy. It is also an important year in the sense that we shall see whether progress can be made toward world peace and disarmament through the second summit meeting between the leaders of the United States and the Soviet Union. For these endeavours to succeed, co-operation and unity among the free nations of the world are essential. It is indeed significant that the exchange of visits between Prime Minister Mulroney and myself is taking place in 1986, a year which may well determine our course toward the 21st century. Let us together set the basic agenda for Japan-Canada co-operation and start our joint actions on global issues, so we can develop our partnership in breadth and depth into a truly mature one.

Ladies and Gentlemen, located in a corner of the galactic system and inhabited by six billion people, our planet Earth now enjoys a most advanced material civilization. At the same time, however, our planet is exposed to the most barbaric attacks since its creation. Limited fossil resources have been exploited nearly to the point of depletion; green tracts of land are rapidly being reduced to deserts; clean air and water are being contaminated with toxic materials; and rare species of animals are being forced to the verge of extinction. Furthermore, many human beings are being driven to starvation, and tens of thousands of nuclear warheads are threatening the annihilation of all living creatures on Earth. If left unchecked, these merciless waves may doom our spaceship Earth to a lifeless wreckage.

[*Translation*]

It was with reference to this picture of the present situation on our planet that I said the following on the occasion of the fortieth anniversary of the United Nations Organization in New York last fall: "If we are to preserve this planet Earth and ensure the survival of mankind, I believe we must create a new world ethic and set up mechanisms to support that ethic."

[*English*]

We must now rid ourselves of arrogance toward Mother Nature. Japan's traditional religion teaches us that nature is the mother of all creatures and that all living things are essentially brothers and sisters in the natural universe. Such philosophy is not exclusively that of the Orient but can also be found on other continents. Needless to say, I am not suggesting that religions unique to different peoples should be united under one great Oriental theology. Instead, I submit that it is perhaps high time for us to redirect our thinking toward the basic feelings of awe, intimacy, respect and love toward nature, which mankind has had over the millenia, and to appreciate afresh what they mean to us today.

When such reorientation has started on a global scale, what I call the grand enterprise of establishing a new global ethic will have begun. The groundwork for this significant enterprise needs to be laid through promoting mutual understanding, not just among nations, but also among peoples and cultures, and through fostering mutual appreciation and respect based on such understanding. We should spare no effort in this regard.

I believe the current of history is steadily heading us in the desired direction. There are two major civilizations represented in the world today, the Occidental and the Oriental civilizations. They both emerged on the Eurasian continent. One grew and matured in the Atlantic region and has reached the eastern edge of the Pacific Ocean on the American continent. The other has already reached the stage of maturity on the western edge of the Pacific. In historical terms, it is only a matter of time until the two civilizations converge and are joined in a ring. When these two civilizations of the West and East are brought together, our planet Earth will become a full and true "globe", marking another important stage in world history and emitting an unprecedented glow. Then all living creatures on Earth will enjoy the supreme bliss of their existence.

This convergence of the different civilizations of the East and the West is no easy task. There will be difficulties and barriers in the process. But I am convinced that they will be overcome.

I believe this because history has shown that different civilizations attract each other, and come closer together, just as in physics positive electric charges repulse each other but

positive and negative charges attract each other. I believe that, in the 21st century, the Pacific Ocean will be a grand and romantic stage for enactment of the great drama of creating a new world civilization through the convergence of two civilizations.

Japan is a part of Asia and shares many common values with western civilization; Canada, which has close historical links to Europe and the United States and diverse cultures within the nation, is looking increasingly toward the Pacific in recent years. Our two nations must play out together our important roles as main actors in this drama.

Let me, in closing, express my fervent hope that the everlasting friendship and co-operation between Japan and Canada will bear abundant fruit for the future of our planet Earth.

Thank you very much.

[*Translation*]

Thank you very much.

Hon. Martial Asselin (Speaker *pro tempore* of the Senate): Your Excellency, we are pleased and honoured by your presence in this Chamber, where we have invited you to speak to the Canadian people. We have listened with the utmost interest to the message you have brought us from your Parliament. I trust that your address will encourage us to pursue our efforts to meet our objectives of cooperation.

When the Canadian Government decided many years ago to place particular emphasis on the development and expansion of relations between Canada and Japan, it was because it recognized the emergence of this country as a world power whose considerable interests were situated mostly, but not exclusively, in the area of international trade. Being one of the major trading nations, Japan has been playing for many years a key role in the management of the world economy. Moreover, like Canada, Japan is an industrialized country which shares our democratic ideals and wants to react efficiently to an increasingly complex economic and political situation on the international scene. It is therefore in the interests of both our countries to increase our contacts on international issues.

Moreover, Japan has a vast domestic market for Canadian goods and services as well as the means to take part in the development of Canada, for instance through needed investments in this country. We must therefore conclude that increased relations with Japan based on greater cooperation and closer ties in the political, economic, cultural, scientific and technological fields correspond to the objectives of Canada to build a healthy national economy and reduce its economic vulnerability.

[*English*]

The framework for economic co-operation and the Canada-Japan Cultural Agreement signed ten years ago embodied the principles of a new relationship in each of these areas. Since then continued co-operation between our two countries has produced significant results and progress, particularly in the trade and economic sectors. Thus trade has increased threefold. Japan is Canada's second biggest trading partner and Canada is one of Japan's major suppliers of important natural resources and energy. Three years ago the Canadian Government prepared a market development plan for Japan to assist the public and private sectors to expand business in your country. The plan identified export opportunities in targeted industrial sectors which are consistent with Canadian production capabilities. The resource, petrochemical, agricultural and manufactured products sectors were identified as a priority.

Detailed discussions will take place between yourself and the Canadian counterparts of your delegation on bilateral and multilateral issues which are of interest to both our countries. We anticipate positive results from these contacts and exchanges and I am convinced you share our expectations.

[*Translation*]

Mr. Prime Minister, there is therefore no doubt that the commercial and economic relations between our two countries will develop even more in the future.

In closing, I would like to appeal to Canadian businessmen, academics, scientists, and all those who play an important role in the Canadian society to support our efforts so that our two countries can reach the goals they have set for themselves.

[*English*]

Mr. Speaker: Mr. Prime Minister, on behalf of the Hon. Members of this House of Commons, I wish to thank you for sharing your eloquent vision of Japan's relationship with Canada and its successes and accomplishments as well as your expectations for the coming years. There are many ties and common interests that bind us and help us co-operate in building a peaceful and more prosperous world with institutions emphasizing the principles of fraternity and freedom exemplified in both our countries.

[*Translation*]

Throughout the years, we have consolidated and intensified our bilateral relations, not only for trade and investment, but also in the social and cultural areas, such as tourism, sports, education, theatre and youth.

[*English*]

And as I am sure you know, sir, this year represents a bit of a watershed for parliamentary relations between our two countries, as you can see the first creation of a full Canada-Japan Parliamentary Association. Sir, we hope that our increased exchange in all areas, whether political, economic, social or cultural will enhance the respect and friendship of our peoples towards one another. I think, sir, I can say on behalf of all our Members here that you came to us with great advanced publicity, and your speech today, sir, has lived up to it completely. I say that, sir, as one who was only born in 1947.

On behalf of all my Members we wish to extend to you, to your wife, to the members of your official delegation, an excellent and a fruitful visit to our country.

THE SENATE

Wednesday, January 22, 1986

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

Prayers.

UKRAINE

SIXTY-EIGHTH ANNIVERSARY OF PROCLAMATION OF INDEPENDENCE

Hon. Martha P. Bielish: Honourable senators, I should like to bring to your attention the fact that today, January 22, marks a great event in the history of some 700,000 Canadians of Ukrainian origin and of approximately three million Ukrainians who live in democratic countries in other parts of the world. I refer to the Declaration of the Fourth Universal Proclamation in Kiev on January 22, 1918, establishing the Ukrainian nation as an independent democratic republic, recognizing the highest principles of democracy, namely, freedom of speech, freedom of the press, freedom of religion, freedom of assembly and personal freedom.

Although the independence was short-lived, because in 1922 the Russian communist regime subverted and conquered this new independent state by force, we have cause to take heart, for, in the words of Senator Yuzyk, in his speech in this chamber on January 22 last year:

> The acts of January 22, 1918 and January 22, 1919 marked the victory of principles now written in the Charter of the United Nations, of which Canada is a signatory. Free Ukrainians and the free people of all the subjugated nations of the Soviet Russian empire and its satellites will continue to celebrate their independence days and impress upon the western world that freedom is indivisible.

Today the blue-yellow flag of free Ukraine is flying over Ottawa's City Hall, and, on behalf of Ukrainians everywhere, I wish to acknowledge with thanks this recognition from Mayor Jim Durrell and the members of City Council.

Hon. Senators: Hear, hear.

INCOME TAX ACT AND RELATED STATUTES

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-84, to amend the Income Tax Act and related statutes and to amend the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Financial Administration Act and the Petroleum and Gas Revenue Tax Act.

Bill read first time.

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

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

PENITENTIARIES

CANADA-ALBERTA AGREEMENT AND MEMORANDUM OF INTENT—REQUEST FOR TABLING

On the tabling of documents:

Hon. Earl A. Hastings: Honourable senators, I rise on a point of order. May I ask the Leader of the Government a question with respect to an agreement between the Government of Canada, as represented by the Solicitor General of Canada, and the Government of Alberta, as represented by the Solicitor General of Alberta? I understand that the agreement was executed during the month of November. It provides for certain capital grants to the Province of Alberta with respect to the Fort Saskatchewan gaol and the Grande Cache gaol as well as for the assigning of up to 300 federal inmates to provincial institutions. I wonder whether the government leader would ascertain if that agreement is to be tabled in the Senate forthwith—it has great implications with respect to the inmate population in Western Canada—as well as a memorandum of intent between the Correctional Service Canada and the Solicitor General of Alberta to put into effect what amounts to the practical destruction of the parole service of Canada in Alberta and containing other provisions with respect to farming out our responsibilities to the Province of Alberta.

Hon. Duff Roblin (Leader of the Government): Honourable senators, there is no point of order that I can discern in my honourable friend's comments. Nevertheless, I will accept them as a question and ascertain from the two governments concerned whether they are willing to table the documents.

RULES OF THE SENATE

NOTICE OF MOTION TO AMEND RULE 77(7) TO PROHIBIT SMOKING AT COMMITTEE MEETINGS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, today is "Weedless Wednesday" and to mark the occasion and for other purposes I give notice that, on Tuesday, January 28, 1986, I will move:

> That the rules of the Senate be amended by adding, immediately after rule 77(7), the following:
>
> (8) Smoking is prohibited at all meetings of Senate committees.

Some Hon. Senators: Hear, hear!

Hon. Duff Roblin (Leader of the Government): It sounds like it is a popular motion, but Senator Hastings may have some reservations.

Senator Frith: I would say that it played to mixed reviews.

QUESTION PERIOD

[*English*]

ENERGY

OIL PRICING—PROTECTION OF INTERESTS OF PRODUCERS—GOVERNMENT ACTION

Hon. H. A. Olson: Honourable senators, I would like to direct a question to the Leader of the Government respecting the significant decline in oil prices and the effect that decline will have, not only on the producers but also on the economy of those parts of Canada where the oil and gas industry plays a major role. Of course, this matter is particularly applicable to Alberta, but it has important implications for Northern Canada, for the east coast and some of the other western provinces. It says in the Western Accord on page 3, paragraph 9:

> In the event of international oil market disturbances that result in sharp changes to crude oil prices, with potentially negative impacts on Canada, the Government of Canada, following consultations with provicial governments, will take appropriate measures to protect Canadian interests.

Would the Leader of the Government tell us what appropriate measures the government is prepared to take to protect the interests of the producers? It is claimed that this industry is the engine of economic recovery and development in some parts of Canada.

Hon. Duff Roblin (Leader of the Government): I agree with my honourable friend that the freeing up of the industry in recent months has had a marked effect on economic activity in western Canada in particular, and all of it to the good. There has been a remarkable rebound in that industry in recent months. However, I am also frank to admit that the question of oil prices is an important factor at the present time and, indeed, for the future of the entire nation, quite apart from the province of Alberta and the other oil producing provinces. What we seem to be faced with is a reduction in the price on the spot market. The spot market is very volatile. It goes up and down in movements which are not always reflected in the regular price of oil, so we have a bit of a problem there. The position at the present time, I suggest, is that we must hold a watching brief in connection with these price changes to see where they settle down and what their overall effect will be. It would be reasonable, I think, to assume that the recent downward movement is not likely to continue and probably is not likely to result in the same degree of price fluctuation in the regular market. I underline the word "probably", because no one really knows, and it seems to me that we should wait a while to see how this thing turns out. If prices go below a certain level, which would be a happy circumstance for some, it will present real problems for others and I do not overlook the fact.

• (1410)

Therefore my answer to my friend is that we are watching this situation very carefully and will take measures when it is deemed appropriate to do so.

Senator Olson: I have a supplementary question, honourable senators. Am I to take it that all this government intends to do is to watch the situation? Are we to report to the people involved in making decisions for the on-going economic development of the gas and oil industry that the government simply intends to sit back and watch the situation for a while and that is all the action they intend to take?

Senator Roblin: I do not think we are going to panic, in the first instance. We intend to watch the situation carefully because, as you know, it depends on where you sit as to how some of these things go. For example, the Independent Petroleum Association is quoted as saying that they can withstand world oil price drops of $6 or $7 per barrel without a significant reduction in their revenues, and that is, therefore, a factor to be taken into account.

However, I think my honourable friend would agree with me that it would be wiser to wait a while and make certain of the course of developments before rushing in to apply what might be an inappropriate remedy to what may or may not be a serious problem.

Senator Olson: Honourable senators, my honourable friend's comments are interesting, but they certainly indicate new policy. On March 31, 1985, the government stated quite emphatically that they intended to take appropriate measures to protect Canadian interests if there was a significant change in international oil prices. Surely the government must have done some planning and can therefore give some indication of what they mean by "appropriate action." Is it "appropriate action" simply to sit back and watch the whole industry go down the drain?

I might point out to my honourable friend that oil prices have indeed gone down more than the so-called $6 or $7 per barrel, as quoted by some official from IPAC. What is more, the price of oil to most Canadian companies—at least all of those Canadian oil companies that made their discoveries after 1973—had already gone down $5 to $7 per barrel because of the direct government action in eliminating NORP, the New Oil Reference Price. What that amounted to was a transfer of approximately $5 to $7 per barrel from the Canadian companies that were qualified for the NOR price to the multinational companies that owned approximately 85 per cent of all the oil that had been discovered prior to 1973. I wonder if the government intends to take appropriate steps to correct that terribly unjust action that was taken.

Senator Roblin: I know that my honourable friend does not expect me to debate oil pricing policy in Question Period, and I have no intention of doing so. I simply tell him that when the

government decides that a change in policy is necessary, that step will be taken.

Senator Olson: Honourable senators, this is another new policy of the Honourable Leader of the Government. When he sat on this side of the house, he, together with Senator Murray, wanted to debate every economic change that took place. Even a change in the value of the Canadian dollar from week to week generated a mini-debate every Thursday afternoon. I cannot believe that he is now rejecting the idea that we should have a discussion about a matter that is of such significant economic importance to a part of Canada that has come through a very difficult period because of international prices.

I would be pleased to discuss the changes that have been made, but the Leader of the Government in the Senate does not seem to think it is appropriate to talk about such things in the Senate. I suppose one could discuss those changes by way of an Inquiry, but surely the leader is in a position to tell us about these significant changes after all the weeks and months of preparation. Oil prices have been decreasing since November, although I admit the slide has been more dramatic in the past few days. Is the Leader of the Government in the Senate only going to say, "We will sit and watch it slide further"?

Senator Roblin: I have no objection to my honourable friend's discussing the oil question; he may do so to his heart's content, but he should do so in the proper way and at the proper time. If he wants to have a rational debate on the subject, he cannot deal with the subject during Question Period, and neither can I.

If there is to be a policy change in respect of this matter, my honourable friend will hear about it.

Senator Olson: I am raising these questions because some people in Alberta are vitally, significantly, almost desperately concerned about what is going on.

The government, at least the party to which my honourable friend belongs, had all of the solutions to this problem a short while ago. Am I to say that there is nothing going to happen? Surely, the leader can at least take these questions as notice and find out what is going to happen, or are we to wait, as we had to in the case of the drought payments, for announcements? We have been waiting three months now to find out what the terms and conditions of those payments are to be. I looked through my files yesterday and can tell the leader that I did not receive any documentation in the mail respecting that matter.

Getting back to the price of oil, surely the government has a plan to deal with a situation in which a 35 to 40 per cent decrease in gross revenue will take place.

Senator Roblin: Honourable senators, we do not have all the answers to all economic questions, but I can tell my honourable friend that we have a few better answers than he was able to provide when he was in charge of things.

Some Hon. Senators: Shame!

Senator Roblin: My honourable friend's assertion today that there is going to be a significant change in the price of oil is not substantiated by the facts. What has happened so far is a fluctuation in the spot price of oil. That does not necessarily mean that there will be other changes, although there may be. I do not discount that fact. However, if there are such changes, then the government will consider the appropriate measures to take. I do not think it is appropriate for us to announce any change in policy today.

Senator Olson: I will ask a final supplementary because it is obvious that the leader has chosen not to answer my questions, and worse, he has also chosen not to take them as notice. I do not expect the leader to have all of the answers as to what the Department of Energy, Mines and Resources and the rest of the government are going to do, but I think it is reasonable to ask the leader what action the government deems appropriate now that this situation has descended on the Canadian oil industry, because it was claimed that this was provided for in the Western Accord.

Some Hon. Senators: Hear, hear.

Senator Roblin: My honourable friend cannot accuse me of having failed to answer his questions; I have answered them in categorical terms.

Senator Olson: The leader has not answered my questions. I hope he is more forthcoming in the next few days, because a large part of the Canadian economy is interested in this matter.

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—EXPORT OF FRESH WATER

Hon. Jerahmiel S. Grafstein: Honourable senators, respecting the current trade talks with the United States, was Mr. Reisman, Canada's chief negotiator, authorized by the Government of Canada to put the export of fresh water on the trading block, and was it within his terms of reference to do so?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not think that Mr. Reisman has received any instructions from the Government of Canada with respect to this matter, but if I may be allowed I should like to say what I think he said when he was asked by people interested in water whether the question of water supply would be a matter raised at the conference. He said, and, I think, quite appropriately, that he thought it would be. He did not give any indication of the policy of the Government of Canada; he simply answered a question as to whether water would be raised by the Americans by saying "Yes".

Senator Grafstein: Would the leader advise the Senate whether or not the Province of Ontario—since fresh water is a subject of provincial jurisdiction—was consulted prior to Mr. Reisman making any statement whatsoever on this question?

• (1420)

Senator Roblin: I do not know about that, but I do not think we can accept the implication of the question that Mr. Reis-

man has to receive the assent of a particular province before he makes a statement.

Senator Frith: He is asking for information.

BILATERAL TRADE NEGOTIATIONS—REMUNERATION OF CANADIAN NEGOTIATOR

Hon. L. Norbert Thériault: Honourable senators, my question, although not in the same vein, also concerns Mr. Reisman.

The Leader of the Government in the Senate must remember the outcry when it was announced by the previous government that Mr. Macdonald would be paid $800 per day to head a royal commission.

Is the fact that on the day the Senate is asked to give second reading to a bill reducing family allowances, the government announced its intention to pay Mr. Reisman $1,000 per day further confirmation of the government's policy to treat different classes of people in different manners?

Senator Perrault: Shame.

Senator Roblin: The answer is, no, honourable senators.

AGRICULTURE

SUGAR-BEET INDUSTRY—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, I should like to follow up on the line of questioning which Senator Olson pursued yesterday concerning the national sugar-beet policy. The Leader of the Government indicated that he would continue to ask his colleagues to provide information on this "in good time."

I understand that next week representatives from the sugar-beet growers of Alberta, Manitoba and Quebec will be in Ottawa, and I wonder, given that cabinet will meet tomorrow, whether the Leader of the Government in the Senate would undertake to impress on his colleagues the urgency of this matter in light of the visit to this city of those individuals next week.

Hon. Duff Roblin (Leader of the Government): Yes, I would be glad to do that, honourable senators.

While I am on my feet, I shall say to Senator Olson that I will dig up the information we were discussing.

Senator Olson: I appreciate that.

STATUS OF WOMEN

ECONOMIC EQUALITY—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, on December 3 last I asked the Leader of the Government in the Senate about the item on the agenda of the First Ministers' Conference in Halifax concerning the economic equality of women of Canada, and he declined to provide any information about the follow-up or items which might emerge from that discussion. On December 5, he again declined to answer the question.

[Senator Roblin.]

Fortunately, the minister responsible for the Status of Women, the Honourable Walter McLean, did note these questions and answers and sent me a letter in December describing the outcome of those meetings and saying that there would be future discussions with the provinces in which the proposals put down in Halifax would be pursued.

My question is: Would the Leader of the Government in the Senate now tell us the stage of development of those upcoming meetings? I understand they are coming up very shortly. Can he tell us the agenda items concerning the Status of Women?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am glad my colleague wrote to my friend on the subject. I will take the question as notice.

PENITENTIARIES

CANADA-ALBERTA AGREEMENT AND MEMORANDUM OF INTENT—EFFECT ON EMPLOYEES

Hon. Earl A. Hastings: I have a further question for the Leader of the Government in the Senate. I might explain the reason I asked for the documents when I did. I had been watching and waiting for the tabling of those agreements and felt that that was the time to raise a point of order. If I was wrong, I apologize.

My second question flows from those agreements. As I stated, the parole service in the province of Alberta is being farmed out to the provincial government to administer on our behalf. In addition, two minimum security institutions are being closed, the minimum institution at Drumheller and the Grierson Centre in Edmonton.

This affects about 200 faithful employees of the Government of Canada, many of whom have staked federal careers in the corrections field. They have appealed to me to ask the government for a statement as to their future with the Government of Canada so that they can understand exactly where they stand. This is creating a great deal of uncertainty and is raising unforeseen problems for these employees.

I appeal to the Leader of the Government, if he would, to seek a policy statement from the government with respect to these 200 men and women in the Correctional Service of Canada.

Hon. Duff Roblin (Leader of the Government): I will not surprise my friend when I tell him that I am not aware of the circumstances of which he speaks, but I will do my best to provide a statement which meets the need he has described.

ENERGY

OIL PRICING—GOVERNMENT POLICY—EFFECT ON HIBERNIA DEVELOPMENT

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to follow up on the earlier questions with respect to the decline in the world oil price. As the Honourable Leader of the Government in the Senate is aware, there is comment that certain major projects might be

put off because of the decline in world oil prices, which projects include the oil development off the east coast of Newfoundland.

My question is: Has the Department of Energy, Mines and Resources established a price range for oil, in which range the development of Hibernia would be justified or viable? Following from that, from an economic point of view, at what stage does that project become dangerously liable to indefinite postponement because of price changes? It is really a question of fact that I am interested in.

Hon. Duff Roblin (Leader of the Government): I see my honourable friend's point. I suppose that the same comment applies to a number of what I call high priced oil source projects which will have to be given consideration. While we have to cope with the day-to-day fluctuations in prices, we also have to consider the long range interests of the country in securing supplies of oil and gas, and the Hibernia field is associated with that.

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—EFFECT ON CANADIAN LUMBER INDUSTRY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, on a separate question, I notice that there are talks going on at present between officials of the United States and Canada on the subject of lumber. Can the government leader tell us what is happening at these talks? Have they been called at the request of the United States to put pressure on Canada to halt its lumber exports to the United States, as was suggested some months ago by the ambassador? Just what is the purpose of these talks, apart from providing another opportunity to the United States to put pressure on Canada?

Hon. Duff Roblin (Leader of the Government): There is no doubt in my mind that the main object of the American lumber interests—and I differentiate the lumber interests from the American government—is to put pressure on Canada to reduce its lumber exports to the United States. The aim of the Government of Canada is to demonstrate once again the reasonableness of the economic facts that bear on our export position in the United States. I believe that the Minister for International Trade has been in Los Angeles discussing this matter with the Americans with a view to presenting our case as vigorously as he can. I have to tell my friend that I do not know the exact auspices under which he operates in that discussion, and I will try to find out.

Senator MacEachen: I would appreciate any information on the discussion. I would ask whether a resolution of this lumber question on the part of Canada has been related, by the United States, in any way to the proposed talks on a comprehensive free trade arrangement between the two countries. To put it another way, is the United States telling Canada that we must get this lumber situation settled if we expect to have favourable treatment in the U.S. Congress on the request of the President to negotiate a bilateral deal with Canada?

Senator Roblin: I think it is fairly clear that the lumber interests in the United States want to make the settlement of that problem a precondition of trade talks with that country, but that is their view only. It has not been represented to us by the Government of the United States as a precondition for those talks, and we stoutly maintain that, of course, it is not.

Senator MacEachen: Therefore, the Leader of the Government would have no hesitation in giving us an assurance that the government will stoutly resist the efforts of the United States government in this case—if efforts are made—to somehow maintain that this lumber question is so important that it must be settled in order to sweeten the atmosphere for a bilateral deal. I hope that the government will resist that notion, because concessions given in advance would be very dangerous, indeed.

Senator Roblin: I agree that preconditions or concessions given in advance by either party represent serious obstacles to successful negotiations. The stand of the Government of Canada is that the lumber situation should not be a precondition of the talks. We are maintaining that stand as vigorously as we know how.

AMERICAN COUNTERVAIL ON ATLANTIC GROUNDFISH—GOVERNMENT ATTITUDE

Hon. Allan J. MacEachen (Leader of the Opposition): While we are on the subject of trade, perhaps the Leader of the Government would tell us a little about what attitude the Government of Canada has taken on the countervail action by the United States against Atlantic groundfish? In this case it appears that the United States felt quite free to undertake an action which was very offensive to Canada, despite the upcoming trade talks. What attitude has our government taken on this particular action by the United States?

• (1430)

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have no direct information on the particular point that my friend raises, but I do know that, as a matter of principle, insofar as we are allowed to do so under American law, we make the most vigorous representations to the boards and bodies that are dealing with these questions. Then, if we do not like the outcome, we have the opportunity to let the American government know what we feel about it.

My honourable friend has put his finger on one of the most pressing, difficult and important problems in our trading relationships. That is the amicable and equitable solution of problems of this sort with respect to trade between our two countries, whereby one of the parties applies its own rules, whatever they may happen to be, to the issue under question, and there is no means nowadays by which we can usually adjudicate any differences of opinion as to what the rules should be.

One of the great goals, I submit, of the trade negotiations, regardless of anything else that we might do, is to establish agreed rules and a means of equitable settlement of disputes regarding what constitutes unfair trading practices. Right now

one gets the impression that in relation to our dealings with the United States—and perhaps they might say the same of us—each nation decides itself what is unfair, and the other nation thinks that the decision on unfairness is unfair. The question is: How do we adjudicate those things in an equitable and amicable manner? That is one of the great goals that I see. Until that matter has been settled between our two countries—and as yet it has not been—I expect we shall continue to have the kind of difficulties we are talking about.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have some delayed answers to questions.

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED

SALE TO BOEING CORPORATION

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 18, 1985 by the Honourable Senator Grafstein regarding a discrepancy between the estimated $200 million in losses projected by the government for 1986 and the $14 million in losses projected by the consulting firms of Burns Fry, Merril Lynch and S.G. Warburg.

(*The answer follows:*)

Burns Fry did not project losses, but quoted a 1984 de Havilland projection. This 1984 DHC plan was a plan that was overly optimistic and constrained Dash 8 production and development; it made no allowance for future aircraft competitive sales financing. It, in effect, represented a downsized DHC.

The 1985 DHC plan, on the other hand, provides for increased Dash 8 production (with the consequent need for increased working capital), stretching the Dash 8 aircraft, development of a new aircraft and smaller government payments toward competitive sales financing. It is a plan for a different mode of operation than that contemplated by the 1984 plan.

The difference between the Burns Fry quoted loss and the $200 million cash requirement, therefore, reflects this expanded plan plus the degree of conservatism used for the underlying assumptions. The DHC forecast represented their best estimate of the outcome if all events happened as forecast. To a certain extent it represents a goal toward which the company is striving.

The DRIE forecast, on the other hand, was prepared from a more conservative set of assumptions particularly in the area of Dash 8 sale prices and projected productivity improvements. It reflects the fact that DHC is selling its products in a very competitive market and in order to meet the competition, may not be able to obtain full price for the aircraft.

[Senator Roblin.]

SALE TO BOEING CORPORATION—BURNS FRY PROSPECTUS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked on December 18, 1985 by the Honourable Senator Sinclair regarding whether the Burns Fry prospectus was subject to due diligence before it was issued.

(*The answer follows:*)

The material that was produced was not in the form of a prospectus nor was it intended to fulfill that role. The material was in the form of an information brochure on the company's operations and contained an explicit disclaimer with respect to promotional information relating to the sale.

AGRICULTURE

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ASSISTANCE

Hon Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 3 and 10 last by the Honourable Senator Olson and the Honourable Senator Fairbairn respectively, regarding Agriculture—Western Canada—drought conditions—government assistance.

(*The answer follows:*)

Details of the actual formula have not been determined because it is necessary to fit eligible acres into a $150 million package. However, the payment will be based on accumulated drought-related loss experience data from crop insurance records for the past three years in a designated area (rural municipality, county, municipal district or other appropriate area). Some weighting will be included for additional emphasis on the most recent losses. The loss experience, in the form of the indemnity to liability ratio, will determine both the eligibility of the area and the level of payment that will be received by individuals. Payments will be made upon application to all eligible farmers within the area, regardless of whether or not they carried crop insurance.

There was hope that some cheques could be prepared prior to Christmas but the physical constraints to gathering the necessary information and processing payments made this deadline impossible. We now expect to be in a position to make payments in all provinces early in the new year.

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED

SALE TO BOEING CORPORATION—USE OF DE HAVILLAND TECHNOLOGY

Hon Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 17 last by the Honourable Senator Grafstein, regarding whether the technology devel-

oped by de Havilland will only be utilized for manufacturing jobs in Canada.

(*The answer follows:*)

Boeing has agreed that the de Havilland capacity for research and development activity will be maintained and enhanced. Boeing has also agreed to maintain de Havilland's capabilities to design, develop and produce products within its product mandate. The augmentor wing technology, whose rights are vested in the Crown, will remain the property of the Crown and will be exploited in Canada to the fullest extent possible. Production of the existing de Havilland products outside of Canada requires the Minister's approval.

In addition, Boeing is making long-term investments in DHC which indicate its serious approach to the future of the company. While some of the DHC technology will undoubtedly benefit Boeing, we would expect that DHC will benefit from access to Boeing's considerable expertise. Boeing is very impressed by the engineering skills at DHC and will use and build on this base.

SALE TO BOEING CORPORATION—OFF-THE-RECORD PRIVATE BRIEFINGS—JOB SECURITY

Hon Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 17 last by the Honourable Senator Olson, as to whether members of the Prime Minister's Office and senior government officials provided briefings concerning the sale of de Havilland to select groups as well as caucuses at Queen's Park and Ottawa.

(*The answer follows:*)

Briefings on the sale of de Havilland were provided by Mr. Paul Marshall, president of the Canada Development Investment Corporation, for all parties in Ontario. No other briefings occurred.

REQUEST FOR ANSWER

Hon. Allan J. MacEachen (Leader of the Opposition): Could I ask the Leader of the Government whether he can give me an answer to the questions I raised with respect to Mr. Raoul Wallenberg and his status as a Canadian citizen?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I must confess that I do not have that answer at the tip of my tongue. I would have to take a look at it.

• (1440)

[*Translation*]

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Arthur Tremblay moved the second reading of Bill C-70, to amend the Family Allowances Act, 1973.

He said: Honourable senators, Bill C-70, which we are about to consider on second reading, is aimed at amending the Family Allowances Act, 1973.

Perhaps "re-amending" would be more appropriate, since the legislation has been amended five times since its initial adoption.

But I will get back to that later on. First I want to consider the provisions of the bill before us today.

The first two clauses merely update the amounts of family allowance and special allowance which I will use to establish the subsequent progression in the rates of these allowances. The amounts of $20 and $29.95 respectively for these allowances in 1974 have been replaced by the amounts in effect in 1984, that is, $29.95 for the family allowance and $44.68 for the special allowance.

Clause 3 does two things. First, it determines that for 1985, the family allowance is set at $31.27 and the special allowance at $46.65, the rates that were in effect that year.

Second, and this is nitty-gritty, as it were, Clause 3 determines how family allowances will be indexed after 1985. From now on, the allowances will be increased in proportion to the increase in the Consumer Price Index, less three per cent.

Clause 4 allows the minister to remit all or any portion of an allowance received by a person or institution that was not entitled to receive it.

Clauses 5 and 6 add two new headings, "Presumption of Death" and "Remedial Action".

Under Clause 5, in certain cases the minister would have the authority to presume the death of a child, for the purposes of the Family Allowances Act.

In its initial wording, this clause provided a procedure whereby the minister would issue a certificate declaring that the child is presumed to be dead, and so forth. This procedure was criticized for various reasons, leading to representations on the consequences it might have. The initial version was therefore amended and improved, so that according to the text before us today, although the change does not affect family allowances as such, the procedure followed by the Minister will consist solely in determining, for the purposes of this Act, the date on which the death is presumed to have occurred.

We now have a clause that is more general in scope than was the case in the previous version, which involved issuing a certificate. The clause was therefore amended and appears in its amended form in the bill before us today and as adopted in the other place.

Under Clause 6 the minister would be empowered to correct certain administrative errors, in the interest of beneficiaries.

Such are the provisions of Bill C-70 concerning family allowances. Of course the most important is the one related to the rate of indexation of allowances.

We should not be expected to make a proper analysis of those provisions without first putting them in the context of the child benefit system of which family allowances are part and parcel.

Indeed the system includes two other major elements, but they have nothing in common with what has happened to family allowances in recent years. The first of the two are the child tax exemptions, at least that is what it is called, although it is not really a tax exemption but a reduction in taxable income. The child tax exemption and the child tax credit are the other two measures. As it happens, major amendments to these two elements have also been proposed in Bill C-84 to amend the Income Tax Act and certain related acts. Indeed we have just received a message that this bill has been adopted by the other place.

The exemption will amount to $710 in fiscal year 1986, $560 in 1987, and $470 in 1989. Then after 1989 the amount of the exemption will be equivalent to the family allowance payment and both will therefore increase at the same rate.

With respect to the tax credit, there are two amendments under Bill C-84, first to the amount of the tax credit itself and, second, to the level at which it will begin to decrease.

The bill provides that the amount will be $454 in fiscal year 1986, $489 in 1987, and $524 in 1988. After that, beginning in 1989, it will increase at the same rate as the consumer price index, less 3 per cent.

As to the income level at which the tax credit will begin to decrease, it will be $23,500 in fiscal year 1986, then it will also increase in accordance with the consumer price index formula, less 3 per cent.

Such are the proposed changes to the child benefit system, at least a brief outline of them, if I may put it that way.

What will be the consequences and impact of those amendments?

Needless to say, we have to make a comparison with the existing system to assess the consequences for the people involved. A brief look at the changes made to the system in recent years will also help us understand what these amendments mean. As I said earlier, the Family Allowances Act, 1973, has been amended five times. Changes have also been made to the child tax exemption and the child tax credit.

With your permission, honourable senators, I would like to table a chart showing the figures corresponding to these various changes so that it can be printed in today's official report. It has already been distributed. This is not because I presumed that I would have the permission of the Senate. Someone else must have so presumed since the charts have already been distributed. However, with your permission, these charts have now been distributed. I therefore want to ask officially that they appear in today's official report. The request has now been made.

Hon. Royce Frith (Deputy Leader of the Opposition): The source of the data does not appear on the document.

Senator Tremblay: I could clarify that as we look at the charts. In fact, I have also added a few charts.

Senator Frith: You will give the source of the data? The charts will be part of the official report. We can indicate their source to avoid referring to the speech itself. Will you be adding the reference? I imagine that you will identify the source.

[Senator Tremblay.]

Senator Tremblay: Yes.

Senator Frith: If it is acceptable that the documents be printed as an appendix, the source of the data included on the charts and in your speech can also be mentioned.

Senator Tremblay: I find this rather embarrassing as these charts have been prepared by myself and the research staff of the Library of Parliament. The figures are taken from a series of sources, including the bills themselves, as well as other sources, as you will see in our study. Are you referring to all the sources, Senator Frith? Very well.

Senator Frith: Very well, I will insist no further.

Senator Tremblay: For instance, in due course I will be referring to income tax statistics. There is a regular publication which gives all possible information on income tax.

In any case, if you agree, I will try to make a detailed list of sources which I may indicate later on. At this point, I cannot deliver them to you in any explicit way.

The Hon. the Speaker: Is Senator Tremblay's request granted?

Some Hon. Senators: Agreed.

(*For tables, see appendix, p. 1879.*)

Senator Frith: Is there an English text?

Senator Tremblay: Not yet.

Senator Frith: Considering how often documents have been submitted in English only, with the excuse that a French text would be forthcoming, this is a fair change.

• (1450)

[*English*]

Senator Doody: That is a pleasant change. It is about time.

[*Translation*]

Senator Tremblay: Since you have it before you, the analysis and comments I will be making will make more sense to you, I hope.

At the same time, I will also be tabling other tables which I will be using further on in my speech. Let me also stress that those tables and the other statistics I will be referring to have been prepared with the help of the research staff in the Library of Parliament. I thank them wholeheartedly for their assistance in the circumstances.

At any rate, full bilingualism certainly must be respected as a principle. But when one prepares a speech to be given in the Senate and changes are made for instance to a bill under consideration, as in this case, one does not always have the time to write the English text as the rule of bilingualism would have it.

I therefore apologize for not having had translations made for the headings of the tables I will be using. In the *Debates of the Senate*, I imagine our own translation services will do the

work and there will only be one day's lag before the principle is complied with.

Besides, actually you should have received three other tables which were distributed at the same time, in addition to the first one. In my speech I will be using those tables. In any case, it is my hope that having those tables made available to you will make my comments more easily understandable than if all this were just words and concepts, if I may say so, without your having the figures right before your eyes.

So, let us quote a few facts, merely concerning the evolution of federal child benefits from 1974 to 1985. Those figures are included in the first table.

As far as family allowances are concerned, two of the changes made, the first in 1974 and the second in 1981, obviously dealt with minor technicalities, and I will not refer to them. The other three changes, on the other hand, had a wider scope and substantially affected the rates of family allowances.

The first significant change was made under Chapter C-3 of the Statutes of Canada for 1976-1977, which was assented to on December 22, 1976, and the title of which, interestingly, was "Government Expenditures Restraint Act". Family allowances for the year 1976 were then locked onto the 1975 rate, that is $265 for both years, and they were paid on that basis as of January 1st, 1976.

The second major change was of a different nature, and derived from legislation assented to on December 12, 1978, "An Act to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, 1973".

As indicated in the title, that act included two measures that complemented each other.

First, an innovative provision, a child tax credit for families with a net income of less than $18,000, and the amount of that credit decreased gradually to an income of $22,000 for families with one child and to an income of $26,000 for families with two children.

Second, there was a reduction of family allowances from $25.68 in 1978 to $20 in 1979, monthly, in other words to the same amount as in 1974, five years earlier. Those figures are in the tables I just referred to.

Now for the third and last major change. The act amending the 1973 Family Allowance Act, assented to on February 17, 1983, had only one clause, which provided as follows:

> (a) the amount of family allowance to be paid for a month in 1983 shall not exceed 106 per cent of the amount of family allowance for a month in 1982; and
>
> (b) the amount of family allowance to be paid for a month in 1984 shall not exceed 105 per cent of the amount of family allowance for a month in 1983.

This was under the six-and-five program which everyone will remember. In preparing this retrospective on family allowances, I naturally asked myself what would have been the amount of family allowances in 1985 if the principle of full indexation promulgated in the 1973 act and never abolished since had been applied throughout the period.

I even asked myself a second question, which might seem a bit naïve: If, instead of full indexation, the principle of moderate indexation proposed in Bill C-70 had been applied during the same period, at what level would the 1985 rate have been set?

Senator Frith: Have been what?

Senator Tremblay: Have been set. Chart 2 gives the answer to both questions.

We can see that, if the principle of full indexation had been applied throughout the period, the result would have been as indicated, and I shall abstain from reading the figures for each year.

Let us simply look at what would have happened in 1985. Column 2 on the left gives the increases in the consumer price index for each year.

If the formula set out in the 1973 act had been applied, family allowances would have amounted to $51.87 in 1985 while, in fact, they amounted to $31.27. This information is provided on the last line of the chart.

If the rate proposed in Bill C-70 had been applied, family allowances would have been $38.15 in 1985.

It is interesting to be able to make some comparisons between these figures.

The first concerns the year 1976, which I have circled to highlight it.

That year, only the second one in which the principle of full indexation was to apply, the difference between the rate corresponding to the application of this principle and the rate set under the Government Expenditures Restraint Act is $2.47 a month, or $30 a year to make a round figure.

For the same year, the principle of moderate indexation would have been clearly more profitable for families and they would have had nearly $14 a year, or $13.92, more.

At the time, it would have taken two years of full indexation to catch up with limited indexation after application of the principle of full indexation had been changed.

My second comment will concern the year 1979. Objectively, it would be wrong to make for that year the same type of comparison as the one I have just made for 1976 between the two sets of figures.

• (1500)

It was in 1979 that the tax credit became part of the system. Family Allowances were therefore allowed to regress, for obvious budgetary reasons, which were not any more unreasonable at the time than they are now in our present economic situation.

There is a problem, however, with the introduction of the tax credit, because if we want to compare the rates in effect during the period following introduction of the tax credit, and I am referring to 1983-84, how do we do this without being too arbitrary?

To deal with this problem, in Table 2 I added column (6) where I continue my analysis for 1982 as if in that year, the rate in C-70 were applied to that year alone and not from the

outset, to eliminate any cumulative effect. In any event, we reach the same conclusions. And for 1983, the policy introduced in Bill C-70 would have been even more advantageous. This is true for the first two years, 1983-84, of the period we considered. In the third year, the situation is reversed. Full indexation wins out over partial indexation, making up for lost time as it were, which leads to a fourth comment on developments in family allowances since 1973.

My fourth comment arises quite obviously from our findings. The fact of challenging the principle of family allowances is certainly not new. Ever since the principle was adopted in 1979, it has been challenged on several occasions, the effect being either to obstruct, purely and simply, its implementation as in 1976 or to moderate its impact, as in 1983 and 1984.

Although, it is being challenged today, and Bill C-70 proposes to substitute a formula for partial indexation for full indexation, I hope that my analysis of developments since 1974 will at least put the debate on a less dramatic plane and let it rise above the facile level of political rhetoric.

Objectively speaking, our duty is now to identify and assess the respective merits of the approaches in question: The one taken in 1973 and the approach proposed in Bill C-70. This will be the subject of my fifth comment.

I imagine that originally, the principle of indexation was introduced to protect families against undue increases in the Consumer Price Index.

However, what good is the principle if the very people who formulated it went right ahead and blocked its implementation, not once but several times?

Aside from the regression in family allowances in 1979 as a result of the tax credit, we found that in the economic situation prevailing in 1975-76 and 1981-82, which led to a major departure from full indexation, families would have been better off with the policy of partial indexation proposed in Bill C-70. This is a fact that, in our opinion, cannot be denied, in the light of our analysis of past events.

In other words, under these circumstances, it seems that in an era of skyrocketing inflation, a partial indexation, protects families better than a full indexation, the effects of which are periodically corrected.

Honourable senators, such a statement is likely to cause you to reflect as I did when I put it down in my presentation.

In case we were faced with an inflationary situation such as that which caused the government to shy away from full indexation, what guarantee would families have that even partial indexation would protect against events and budgetary constraints which, of necessity, are associated with them?

To such a question, there is no clear cut 2 + 2 = 4 answer. How could we express these "imponderables" with a mathematical equation?

Common sense is the best method, at least political common sense. It seems to me that even those who are holding the state's purse strings are not in a position to go beyond the partial indexation even in an inflationary period, to reduce further the already partial growth of family allowances.

I recognize that my answer to this question has only a moral and psychological weight. Nevertheless, I feel it is quite valid.

Having said that, concerning family allowances and my own findings, let us return to Table 1 which tells the recent story of the other variables of the system.

While things were progressing the way I have just described for family allowances, what was happening with the exemption for children and the child tax credit?

The exemption for wholly dependent children amounted to $320 in 1974. Up until 1983, it was gradually increased more or less in line with the CPI, but in a very capricious fashion, sometimes more rapidly, sometimes less rapidly, but more often than not less rapidly and sometimes by a great margin. In 1983, it was set at $710 and then maintained at that level. It was set once and for all and stopped moving. Again, the reference or relation to indexation, because the question is as valid as in the case of family allowances, is rather elastic, to say the least.

As for the child tax credit which amounted to $200 in the 1978 tax year, the government applied the principle of full indexation, except in 1982, when it very curiously increased it 31.4 per cent. But it was quick to correct this "anomaly" by maintaining the credit in 1984 at the same level as the preceding year, following which it behaved as in the case of the exemption, increasing by less than the CPI in 1984 and slightly more in 1985.

As to the income level at which the tax credit begins to decrease—it was first set at $18,000 in fiscal year 1978—it was fully indexed until 1982 (and this time the indexation was just about right) and the amount rose to $26,330; it was frozen at that level in 1983 and has since remained unchanged. It seems to me it was worthwhile to take a close look at the way the situation has evolved, because I think it gives us a concrete and realistic idea of the significance of amendments such as those proposed under Bills C-70 and C-84.

So far we have looked back, let us now look forward. What if we were to extrapolate current data to gain an insight into next year? What will be the impact of the amendments contained in Bills C-70 and C-84?

I have gathered all relevant data in Table 3.

As they stand, those figures do not mean much. I will spare you and refrain from reading such boring figures. I would rather make a few comments on them. Family allowances are taxable, the exemption changes the taxable income, and the tax credit begins to decrease over the set limit. Indeed we must look beyond those figures and take family income into consideration if we want to be enlightened by a comparison between the new and the old systems.

That being so, I think a utopian approach would be to attempt to make an adequate description of all existing or imaginable situations which will be positively or negatively affected under the new system. As a matter of fact, is there a way to make such an exhaustive study?

[Senator Tremblay.]

I, for one, do not see a better way than to give examples of concrete situations and try to figure out the number of families likely to be affected one way or another.

• (1510)

Take the case of a two-parent family for the purposes of my demonstration, I will not consider single-parent families, although their numbers are not inconsiderable. So let us take the case of a family with two parents and two children under eighteen. This is the typical profile of families receiving family allowances.

If the family does not have enough income to pay federal income tax, taking into account the family allowance and the various exemptions it can claim on the income tax return, it will receive the full amount of the tax credit. In this case, we can apply the information appearing in column (7), Table 4. Here we read that in 1986, this family will benefit more under the new system with $44 for each child, increasing to $51 in 1987 and $57 in 1988. This amount starts to decrease in 1989 to $32 and will drop proportionally after that. That is the situation we get under Bills C-70 and C-84, compared with the present system. I think there are two questions we must answer. First of all, I think that is why our conclusions differ from those reached by many of the parties concerned.

What level of income must not be exceeded by this family if it is to take full advantage of the benefits of the new system? According to our calculations—and as I said earlier, I had the full co-operation of the Library of Parliament's Research Services, for which I am most grateful—the maximum income level was approximately $13,000. This applies to the entire period under consideration. We took our figures from sources such as distribution of families by income, and so forth. We can therefore conclude that all families with an income of $13,000—it is more often $10,000, but my purpose is to draw conclusions on the basis of my findings—all families with an income of $13,000 or less will benefit fully under the new system, and this applies to all amounts indicated in columns (7), Table 4, which we referred to earlier.

Second question: What percentage of families will be benefitting under the new system?

Income tax statistics showing the distribution of returns by level of income provide the answer.

There is a problem, however, since the latest statistics are for 1983, and as a result, we can only extrapolate approximate figures for subsequent years. Nevertheless, according to the people who provided the data I am about to give you, the information is accurate enough to be reliable. In this field, a difference of one or two per cent is a little like a survey when they say that nineteen times out of twenty, the margin of error will not be more than four or five points. And that is the potential margin of error. Here are the results.

I must admit that I was surprised. Families with an income of less than $13,000, who as a result do not pay federal income tax and who would benefit fully under the new system, represent 49 per cent of the population. People can say these benefits are not enough, that they could be increased, but they are still significant. Indeed, the amount of the child tax exemption remains the same for that year. It will decrease afterwards, but it will remain the same for 1986.

Moreover, it has been estimated that, for 1986, families with an income of $24,000 a year will benefit significantly, if not fully, from the new system, which adds another 26 per cent to the families that will be eligible.

From 1987, the proportion of beneficiaries begins to decrease. The figure of 49 per cent mentioned earlier remains, but only 6 per cent rather than 26 per cent of the families will receive partial benefits.

We must find out not only who benefits from the new system, but also who loses. We must therefore look at the other extreme in the income brackets. We find that 12 per cent of families will lose substantially.

As for the 33 per cent of families between these two extremes, they make up a relatively neutral zone where benefits and losses are not really significant.

It seems to me that these figures can reasonably be used to make as objective as possible a judgment on the new system proposed in Bills C-70 and C-84 for the three examined categories of child benefits. There are other benefits. For instance, in a single parent family with two children, one of the children can entitle the parent to an exemption equivalent to the spouse's exemption. This means that the child provides a significant benefit in a way.

I believe that these data give proper support to the following general conclusions.

First, the poorest families will benefit the most under the new system, that is the families with no income or whose income generated by employment and family allowances is under $13,000.

Second, the determining factor in providing the maximum benefits for the proper level of income under the new system is the reduction in the child tax exemption, so that the definition of "needy family" will still not correspond to the poverty line as generally established, even though the concepts of "poverty" and "poverty line" are very relative.

Third, we must recognize that even for the poorest families, the advantages of the new system are greater now and in the next few years than they will be in a more distant future. For that matter, it is remarkable that all the criticisms of the system which we wish to set into place are based on a projection for 1990 or 1991.

Fourth, more and more the tax credit will play a major part in the child benefit system. That is the most basic of the proposals which were submitted to us. As to the principle, the initial change of direction was taken when Parliament adopted this legislation in 1978 and introduced the tax credit in the system. The proposed legislation is based on the same principle and with a similar objective: Devise a child benefit system that will favour first the low income families, even at the cost of reducing the benefits for higher income families.

Fifth, the forward step which Bills C-70 and C-84 enable us to take is still only one step in the right direction, and obviously it is not enough to bring the system up to the ideal level where we might begin to cope efficiently with the real

needs of the people involved. As Senator Robertson quite properly emphasized in her outstanding address on December 19, the government is moving in the right direction. That is precisely why we must urge it, and I quote:

> I would strongly urge the government, in subsequent budgets, to increase that trend and start moving more money away from the "haves" to the "have nots".

From the perspective suggested by Senator Robertson we must consider other measures we should take to keep on improving the system.

That is the approach I will be recommending to the Standing Committee on Social Affairs, Science and Technology when it resumes the work it began last spring after the Senate asked the committee to study the consultation paper entitled "Child and Elderly Benefits" tabled by the Minister of National Health and Welfare, the Honourable Jake Epp.

Last December 18 I tabled in this house the committee's interim report on this document.

Among the committee members involved in drafting this report, Senator Marsden played a leading role as chairman of the sub-committee responsible for undertaking that study, so I will not say anything more about it for the time being. It will be more appropriate for Senator Marsden to comment on it whenever she decides to do so during the debate which normally follows the tabling of such a report.

If I may, however, I would say this: The document tabled was called an "interim report", a clear indication that there is to be another one. The second report will go further than the preparation of a methodology—that was done in the first report—and the way it is to be applied to the situation prevailing in 1985. We will try to make an objective assessment of the results of the implementation of Bills C-70 and C-84. In light of that assessment and the suggestions which might come to the committee from various sources, we might even go as far as making concrete recommendations likely to improve the system.

Personally I hope that, as soon as possible, our committee will take this constructive approach towards the future and follow the course I have just outlined.

All told, honourable senators, it seems clear to me that the proposed changes in Bills C-70 and C-84 will set the child benefit system on the right track because they will go a long way towards improving the lot of poorer families. That is the objective of the government and the basic motivation which prompts me to propose the second reading of Bill C-70.

On motion of Senator Frith, for Senator Graham, debate adjourned.

[*English*]

STANDING RULES AND ORDERS

MOTION FOR ADOPTION OF FOURTH REPORT OF COMMITTEE—MOTION IN AMENDMENT—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Davey, for the adoption of the Fourth Report of the Standing Committee on Standing Rules and Orders (Royal Assent), presented in the Senate on 6th November, 1985.—(*Honourable Senator Roblin, P.C.*).

[Senator Tremblay.]

Hon. Duff Roblin (Leader of the Government): Honourable senators, this proposal, received from the Senate committee and having to do with the way in which Royal Assent to bills is to be given in the future, is an interesting one. It proposes that the traditional form—which is to be retained and used on certain occasions—should be augmented by making provision for another form of Royal Assent, which is less formal and which, certainly in one description, involves the giving of the assent in another place upon receipt of a resolution from the houses requesting that that be done. There seems to be a pretty widespread view that it would be useful to have another method of giving Royal Assent, other than the one we now use, and we have seen that other jurisdictions in our parliamentary system, such as Great Britain and Australia, have, in fact, provided that Royal Assent may be given in a way that is somewhat similar to the one that is being proposed for us here. Various studies in the other place have also concluded that this is a good idea.

• (1530)

My attention was drawn to the resolution when I noted the way in which it was proposed that this proposal be put into force, namely, that the two houses of Parliament should meet and prepare a joint address of both houses to be presented to Her Excellency the Governor General praying that she approve such changes in the Royal Assent ceremony as described in the report.

So what I have to say today really bears not so much on the substance of the matter, with which I have no great quarrel, but rather on the way in which it is proposed to put it into effect.

I raise the question, because it seems to me that there is an argument that a joint address by both houses is not an appropriate way of making the change that is desired. I hasten to put in the disclaimer that most of the points I am going to make this afternoon are not those which have automatically sprung into my mind as a constitutional expert. In fact, I recognize my serious shortcomings in that field, and I took the precaution of trying to obtain some views from those who are more skilled than I in the interpretation of the Constitution. I say frankly that I am really making use of the brains, experience and hard work of another who used to sit in this chamber. I refer to Senator Forsey.

Hon. Royce Frith (Deputy Leader of the Opposition): He wants a constitutional amendment!

Senator Roblin: I am not entirely sure that Senator Forsey would approve of my mining his work in this way, but I hope that I will be forgiven by him if I do so, because I think he raises points in a way which only he can do, that indicate that we have a bit of a problem here.

The point that is made to begin with is that it is not appropriate that the change should be made either by advice from the cabinet to the Governor General or indeed by resolu-

tion of the houses. Reference is made to history, particularly in the United Kingdom, where two changes were made in the method of giving Royal Assent. The first was some time ago, in 1541, and the other was in 1967. On both occasions it was deemed appropriate that it should be done by statute, and that it was not appropriate that it should be done by some other method. The reasoning behind that undoubtedly was because, in the opinion of the law officers in that jurisdiction at the time, the changes could simply not be made by the sovereign acting alone, or indeed with advice from the cabinet, or indeed by resolution of the houses; but that it required statutory implementation in order that it should be done and done properly.

I am not clear what application the experience of the United Kingdom has for us. In many ways we follow the parliamentary tradition as established there, and this may be a case where we should look at what was done there and relate it to what we are trying to do here. I am also aware that in the Commonwealth of Australia changes have been made—and I regret that I do not have information at my disposal at the moment to indicate how they did it. Again it is obscure as to whether their example is one for us to follow. We certainly will have to make up our own minds, no matter what we think of the precedents that might be quoted in respect of this matter.

It is certain—in my mind, at any rate—that the question as to how the Royal Assent should be given is a little more than a simple question of procedure in the two houses of Parliament. It is something more than that. Therefore I would say prima facie that there is some doubt as to whether the method of a joint address, dealing with the question of procedure, is the proper way in which we should go.

That question is now an open one in my mind. I raise it because I have not had any information put before me which indicates that the matter has been decisively settled, so far as Canadian policy or procedure is concerned, to the point where a joint address would be the way to go. I think that probably we should look into that a little more deeply than we have, and I put that point before the house.

If honourable senators do not like a joint address, what do they like? Would a simple statute of Parliament, as has been employed in the United Kingdom, be the way for us to go here? That too raises some doubt in my mind, because we have now a written Constitution. In the United Kingdom, Parliament is supreme. In the United Kingdom, Parliament can pass any law it likes, and provided that both houses agree, and the sovereign assents, that's it. It is the sovereign body, and there is no other rule that applies except the will of Parliament. That used to be our position here, and in the old days, I suppose, we could have passed the statute and done it that way. But now the question arises: Is the statutory route the appropriate method now that we have a written Constitution? I think that is certainly an open question, to say the least.

It is argued by Senator Forsey—and I have seen some others take the same view—that it is much more than if we wish to alter the system of Royal Assent. It is related to, it might be assimilated to, it verges upon, and has some connection with, a constitutional event—which is a very serious matter indeed. I think that one could make an argument, if I may express an opinion, as to whether a relatively minor change in the way we do things with respect to Royal Assent should be elevated to the full status of a constitutional amendment. There may be some view that it is not. But it seems to me that the question is not conclusively settled. It is open.

Senator Frith: One cannot find a precedent for it in Canada. It is impossible to settle it finally.

Senator Roblin: We can always refer these things to the courts for a settlement, if we want to know. Perhaps that should be done. I raise that point because it seems to me that if we reject the joint address, and we look at the statutory route—which at first glance appealed to me as the way to go—we then run up against the question of the new Constitution.

I do not intend this afternoon to try to develop the argument for suggesting that this is, in effect, a constitutional change. I merely raise a flag and say that we should be sure of our ground before we proceed any further in this matter in that way. Some have said that if we change the system of Royal Assent in the federal Parliament, what does that do for the provincial legislatures? Because they too give the Royal Assent under section 55 of the BNA Act of 1871, if my information is correct, and it may very well be that any changes we make here might have some bearing on that. I do not know. These are questions that I believe are really fascinating for anyone interested in the Constitutional development of our country, and ones which perhaps should receive more attention.

I may be doing the committee an injustice. It may very well be that unknown to me these points have been before it, that it has considered them and has come to a settled judgment that they are not insuperable or valid, and that the matter of a joint address is indeed the way to go. Perhaps the committee has done that, but I am not aware that it has. If the chairman says that it has, then that is an important fact.

I take the view that it might be wiser for us to have another look at this thing to try to satisfy ourselves as to whether the objections that are raised by what I might call the strict constructionists, when it comes to the Constitution—and there are one or two of them in the Senate—should be considered. I should like to be satisfied in my own mind that that point of view has been thoroughly ventilated in committee and has received consideration. It is my opinion—and I offer it freely, because that it is what it is worth. That is the price you are going to pay for it—that we would be on sounder ground if we proceeded either by statute, if that happens to be the right way to go, or that we consider alternatives to the joint address. I would appreciate it if consideration were given to this matter by the committee so that we may have their views and so that we may see whether they still feel that the procedure that they have promoted is the right one.

• (1540)

Therefore, I move, seconded by Senator Doody:

> That the Report be not now adopted but that it be referred back to the Committee for further consideration.

Hon. John M. Godfrey: Honourable senators, I would like to adjourn the debate so as to have time to refresh my memory. Briefly, I can tell you that I got the original opinion from Senator Forsey several years ago when we went into this matter very carefully. I completely and absolutely disagreed with Senator Forsey at the time. I also discussed the matter with Senator Frith at that time. I would like to look at my file and refresh my memory and then make some comments tomorrow.

On motion of Senator Godfrey, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, January 23, 1986

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

Prayers.

PRIVATE BILL

PINE HILL DIVINITY HALL—BILL TO AMEND ACT OF INCORPORATION—REPORT OF COMMITTEE

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, January 23, 1986

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

THIRTEENTH REPORT

Your Committee to which was referred Bill S-7, intituled: "An Act to amend the Act of incorporation of Pine Hill Divinity Hall", has, in obedience to the Order of Reference of Thursday, December 19, 1985, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOAN B. NEIMAN
Chairman

THIRD READING

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

Hon. Henry D. Hicks, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

REPRESENTATION BILL, 1985

REPORT OF COMMITTEE

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, January 23, 1986

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

FOURTEENTH REPORT

Your Committee, to which was referred Bill C-74, intituled: "An Act to amend the Constitution Act, 1867 and the Electoral Boundaries Readjustment Act and to provide for certain matters in relation to the 1981 decennial census", has, in obedience to the Order of Reference of Friday, December 20, 1985, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOAN B. NEIMAN
Chairman

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

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Hon. Eymard G. Corbin: Honourable senators, I rise on a question of privilege regarding the reporting of that bill back to the Senate today.

Honourable senators may be aware that I am not a member of the Standing Senate Committee on Legal and Constitutional Affairs, but, nevertheless, I spoke on second reading of the bill here in the chamber. I attended the meetings of the committee and did extensive questioning. I raised a concern about the fact that there may not have been ample time given to prospective witnesses to appear before the committee. Of course, there was nothing I could do, not being a formal member of the committee, to prevent the reporting of the bill back to the the Senate this day; but I do want to register my serious concern—a concern which I raised in committee—with respect to the committee's adjourning its detailed examination of the bill until such time as we could ascertain in an absolute way that indeed no one was interested in appearing before the committee. I am not at all satisfied with the conclusion of that exercise, and I wish to record that grievance here today at this time.

The Hon. the Speaker: It is moved by the Honourable Senator Doody, seconded by the Honourable Senator Macdonald (Cape Breton), that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

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

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, in view of what Senator Corbin has said, the motion for third reading of the bill at the next sitting, based,

as it is, on the report of the committee, should be recorded as having been adopted on division.

Hon. C. William Doody (Deputy Leader of the Government): Perhaps Senator Frith could clarify that. I am not certain whether the report is debatable. I believe that Senator Corbin raised a point of privilege. I do not believe that he was speaking to the report of the committee but on a point of privilege, in terms of his own concern. If senators wish to record the motion as being agreed to on division, they may do so. I was wondering what the procedure was.

Senator Frith: The Deputy Leader of the Government is quite right. The report has to be received, I believe, under rule 78, without debate; and since it is a report on a bill which the committee is reporting without amendment, it stands adopted without debate. The rule then provides that the senator in charge of the bill shall move the adjournment to a future date; and that was done. It was on that basis that I wished to make my point.

Motion agreed to and bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—EXPORT OF FRESH WATER—STATEMENT BY GOVERNMENT LEADER

Hon. Duff Roblin (Leader of the Government): Honourable senators, I should like to refer to an answer I gave yesterday to Senator Grafstein with respect to the position of Mr. Simon Reisman on the export of fresh water. I believe I fell into the same trap as Senator Grafstein in taking the newspaper report as being correct. It was on that basis that I gave my answer. It now appears that the newspaper report was not correct, that Mr. Reisman did not make any statement on this subject. Therefore, I wish to explain my answer to the Senate and advise how I fell into what was something of a trap in respect of that matter.

Senator Olson: You do that all the time, you know.

Senator Frith: It is called "the Roblin formula"!

BUSINESS OF THE SENATE

ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 28th January, 1986, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, can the Deputy Leader of the Government tell us what bills might be before us next Tuesday?

[Senator Frith.]

• (1410)

Senator Doody: In reply to Senator MacEachen's question, honourable senators, I would like to report that we are told that the three bills that we in the Senate have been referring to as the divorce bills, namely bills C-46, C-47 and C-48, should be before the Senate next week. At this point in time, the other place is working on those bills.

We are also told that in the very near future we can expect to receive Bill C-82, to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act. Bill C-84 is now before us. We also expect to receive very shortly Bill C-85, to amend the Petroleum Incentives Program Act and Bill C-86, to amend the Canada Deposit Insurance Corporation Act. I am not telling honourable senators that all of these bills will arrive next week, but I feel reasonably certain that the first three I have mentioned, together with the others, will be with us shortly.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

OIL PRICING—GOVERNMENT POLICY

Hon. Raymond J. Perrault: Honourable senators, I have a question for the Leader of the Government in the Senate with respect to oil and gasoline pricing.

I think we are all agreed that the most ardent public political romance since Romeo and Juliet is that between sections of the oil industry and the Minister of Energy. As a prelude to my question, I would like to quote from one of the minister's speeches. This was a speech delivered by the minister to the Canadian Association of Oil Well Drilling Contractors on April 2, 1985. She said:

> You told me that if we left cash in the industry's pocket, that cash would be used to hire drilling operators and supply and service companies.
>
> Well, we did what you suggested.
>
> You said: Go to world prices. We've done it.
>
> You said: adopt policies that reward success . . . We've done it.

And they began to cheer. She said:

> You said: Adjust incentives . . .

They cheered even louder. She said:

> You said: establish an enduring fiscal framework . . .

They were almost ecstatic at this point. She said:

> You said: adopt policies to increase gas exports. We've done it.

She continued:

> You said: adopt policies to eliminate shut-in. We've done it.

They could not contain themselves at this point.

The minister then went on to say:

> One of the major stimuli to investment is tax relief, and we have done that, too.

And they began cheering.

You know, this is pretty hot stuff. This is almost like a love letter.

And what did they say? They said the other day:

> You have done all this; we have made you Oil Man of the Year. We have done it; we have done it.

So now the minister is Oil Man or Oil Woman or Oil Person of the year.

It is an interesting observation, honourable senators, that somehow providing tax relief for the oil companies is good. It is the fuel that the economic engine requires. Yet, boosting the price of oil products and the price of gasoline is somehow also good policy. However, they are in complete contradiction. On the one hand, you give millions and millions of dollars away to the oil companies and, on the other, you say to the oil consumer: "No, it is good economics to see these prices go up and up." This same minister said this about pricing, and this is the essence of the question which I am gradually approaching.

Senator Frith: But sure-footedly.

Senator Perrault: Honourable senators, this is not oil policy; this is snake oil policy in which we are involved now. Also, I think that the romance between the oil industry and the minister is about to be blighted very shortly because that policy is not predicated upon developing world conditions, as the government has been reminded so eloquently in recent days by members from this side of the house.

On March 28, the minister said:

> I fail to understand how a toughly negotiated agreement which took six months to negotiate and is aimed at deregulating prices to reflect market forces could possibly increase gasoline prices. They are coming down in the fall. Do not believe those Liberals. Those prices are coming down in the fall because of the natural market forces and my friends in the oil industry in which I have implicit faith.

Then she went on to say "by creating a market environment, prices will continue to decline. Obviously, that provides the environment for gasoline prices to decline. They are not going to increase in a declining market. If prices go down, then product prices should go down."

Prices are plummeting in the United States, yet they are still at high levels here, and what do we hear? They will get around to it. We hear that "price declines are working their way through the system." They must be starting in the Arctic and working their way gradually out to the east coast of Newfoundland, to L'Anse au Meadows, because it is taking a long time.

She went on to say that "if prices go down, then product prices should go down."

All of these remarks were greeted by riotous applause from the Tory hordes, who just love to hear them.

Then she said the other day that it is not Petro-Canada's task to provide price leadership in the country. She said, "Go ye therefore into Canada and make as much money as you can." Some of us wonder why Petro-Canada was created, if not to help the consumer.

I have a couple of other comments to make before asking my question.

At page 3474 of Commons *Debates* she stated:

> When you remove a tax, it is usual that price decreases occur. There is no reason to believe that gasoline prices will go up when we move to deregulation.

All they have done since then is move up, not down.

At page 3500 of Commons *Debates* she said:

> Going to deregulation and going to world prices mean that we create an environment in which prices should go down if world prices go down.

What I would like to ask on behalf of millions of disappointed Canadian motorists and people in industry who depend upon gasoline and oil products to trigger that engine of growth is: What went wrong with the Conservative policy? Why did those prices not come down last fall, and how long must those people wait for any degree of meaningful relief?

Hon. Duff Roblin (Leader of the Government): I am glad my honourable friend warned me that he was not going to make a speech, because that is one of the best non-speeches I have heard in a long time. When my honourable friend gets going, he can certainly make the rafters ring.

With respect to the price of oil, I think that it is perfectly true to say that there were price decreases last fall when certain changes were made in the price structure. But it is also true that we have an oil price now which, at this minute, does not reflect the changes in the spot price for oil that is being sold by the producers. Obviously, we now have a free market system, and this is the situation that will prevail until these prices work their way through.

I can understand my honourable friend's impatience at the time that it takes to do these things, but I think it is reasonable business practice—if one is able to do so—to dispose of one's inventory at a price which is a fair price compared to what one invested in the first place, and when cheaper supplies come along, then the price varies. I am afraid I cannot offer any comfort that I can bring the price down or that the government can bring the price down at once.

I have noticed that some analysts have said that it might come down within 30 days; that may be optimistic. I think that over time it will come down.

So, to the extent that these current low prices prevail—and that is a good question—I think we can expect to see lower prices before too long. That does not really satisfy my honourable friend, but I must tell him quite frankly that the govern-

ment is operating on a free market system with respect to the price of oil, and we have to respect that and have to wait until those market effects take their course and, as a result of that, we may expect to see better oil prices.

I am now waiting for the supplementary.

Senator Perrault: The supplementary is this: The minister had some knowledge of the market when she made her predictions in March that the price would come down in the fall; it did not come down in the fall, it went up in the fall.

Why does it take so little time, relatively, to have these prices work themselves through the system in the United States? We have this ridiculous prospect of Canadian motorists now going to the United States and getting fill-ups on a regular basis because the disparity between the gasoline prices makes that journey worthwhile. Why this tortuous, long-term working-through process in Canada when the same process apparently does not occur in the United States?

Senator Roblin: It has to be admitted that they have a competitive situation that is different from the one here. I admit that there are more independent refineries down there and more independent gasoline retailers. This fact makes sure that market prices come along a little more quickly because they move faster than the bigger companies move. I find the argument interesting because I remember well, I must confess, taking exactly the same stand as my honourable friend is taking now when the National Energy Policy was in effect. Under the National Energy Policy, we in Manitoba could go from Winnipeg to Minneapolis and make a very substantial saving on gasoline. We objected to that situation then. The difference is that that situation was the result of government policy, but today the situation is not the result of government policy. It is the result of economic forces. So, while my honourable friend can berate me with respect to the matter of why oil prices are not coming down sooner, I have to say that the structure of the industry in Canada is such that we will have to wait for the higher priced material to work its way through the pipeline before we can expect to see some improvement in the retail pump price.

● (1420)

Hon. H. A. Olson: Honourable senators, the Leader of the Government referred a number of times to a free market. One of the things that is clear—and it happened today, so we do not need to go back in history—is that the spot market for oil, after falling dramatically, had levelled off until Sheik Yamani, who is the oil minister of Saudi Arabia, made the statement this morning that as far as Saudi Arabian oil policy is concerned—and this is political policy and does not refer to the capability to produce—the price of oil would go down to $15 per barrel until and unless the other members of the exporting community came to some kind of agreement. Therefore, we must understand that there is no such thing as a free market, that the market is influenced by political decisions made somewhere in the world and in this case made by Sheik Yamani of Saudi Arabia.

[Senator Roblin.]

Does this government intend to stand by and watch someone else make political decisions which have a profound effect on an important sector of the Canadian market, or does it intend to continue with this illusion which has no substance by saying that there is some kind of free market out there? Would the Leader of the Government tell us if, as a result of some meetings which, I am sure, were held earlier today, the government intends to take any action so that Canadians and their government can have some influence in this matter, or does it intend to sit by, like the leader said yesterday, with a watching brief while somebody else makes political decisions that have an important effect on our economic well-being?

Senator Roblin: Honourable senators, I have to admit that Sheik Yamani has made a political statement, and it is obvious that it was made with a motive in mind, which is to obtain some agreement from the world oil community to limit the quantity of oil produced. I know of no way in which the Government of Canada can influence that decision, particularly since, while we are exporters of oil, we are not major exporters of oil.

The situation in the market at the present time is that the Government of Canada does not intervene in a way that is sometimes done elsewhere. To that extent Canada has a free market. The point made by my honourable friend is a valid one; that there are political forces in the world at play that affect the price of oil and over which we Canadians do not have very much say. However, that is not to say that those decisions will affect what oil prices will be. I am sure that there will be a lot of threats, to and fro, and consideration. I see that the Norwegian government is considering some question of control of production. The British government is not. Who knows what will happen? We will have to watch the situation and protect our interests as best we can.

Senator Olson: Honourable senators, I have a supplementary question. The Leader of the Government has made an interesting speech, but it does not have much to do with the question I asked. I asked whether the Government of Canada intended to take any action so that its political decisions will have an influence on this particular sector of the Canadian economy, or does it intend to sit back and watch, like the leader claimed yesterday, while somebody else makes political decisions that affect us? Would the Leader of the Government deal with that quesiton.

Senator Roblin: Honourable senators, we certainly cannot do anything about Sheik Yamani.

Senator Olson: I am talking about the price of oil, not Sheik Yamani.

Senator Roblin: We cannot do anything about international factors over which we have no control. We can do what we think is wise to protect our industry. However, I think it would be wrong to suggest that we should mount our horse today and charge off on the subject when there are so many unknown factors in the equation which only time can clarify. It seems to me to be reasonable to say that we should not attempt to intervene on the basis of the information that we have at the

moment. The decline in oil prices has been particularly marked over the last week or two. There has been a gradual decline, but the real slide has taken place over the last two days, and it may continue. If it does, it will certainly pose serious problems for us. We are not going to stand by indefinitely without taking those factors into consideration. If that should happen, we would have to deal with the provinces and with the industry to see what course we should take. I would hope that my honourable friend would not expect me to announce policy today.

Senator Olson: I would not expect the government leader to announce policy, honourable senators, but I think that we in this chamber and, indeed, those in the oil industry have some right to know how much is enough. The Saudi Arabian oil minister, Sheik Yamani, said today that the price will go down to $15 a barrel unless the members of OPEC come back to the table to reach some kind of agreement on both price and quotas. He and others have said on different occasions that in some parts of the Middle East and, in particular, in Saudi Arabia, oil can be produced at less than $5 a barrel and still be profitable in financial terms. Are we going to sit by until the price drops to that level—until we get to this so-called free market—or are we going to let political decisions along the way influence our price?

I am just asking: How much is enough? The minister has indicated an unreadiness, at the price level of today, to make a decision. Can he indicate whether the government will accept its responsibility and take some action at $15 a barrel, $12 a barrel or any level?

Senator Roblin: Of course, the main thrust of Sheik Yamani's comment, I suspect, is to try to introduce some coherence into OPEC's plans. As much as anything else, that is what he is likely trying to do. It is simply impossible to expect Canada to intervene in that process; there is no way in which we could do so. The present spot price of oil at $20 U.S. a barrel is not a price that will set hearts beating in the oil industry, I am sure, but it is a price which makes almost all of the projects we are currently involved in still profitable. We have one of the most economic and efficient oil industries in the world. It has not yet reached the stage where it is in serious difficulties of the kind spoken of by my friend. Owing to the past policies of the government, the industry has been relieved of certain burdens. That makes it all the more probable that it will be able to carry a portion of the load and to adjust its affairs accordingly.

I think that everybody who thinks about this will realize that the drop in oil prices is not likely to be a permanent situation. It is quite probable and, indeed, highly likely that, before the decade is out, any trends of that nature will be reversed and we will again be looking for security of supply from Canadian sources. All of those factors have to be taken into account.

I know that that does not satisfy my friend. He wants me to do something right now. He wants me to tell him what the limits are, and so forth, but that is certainly an exercise which I feel I would not be well advised to undertake.

Senator Olson: With respect to the spot price of $20 U.S. a barrel, the level at which oil is sold today—in fact, it dropped to $18.50 for a while—is it the view of the government that this price level is sufficient to encourage investment in Canadian self-sufficiency? Does the government believe that it will encourage tar sands projects, heavy oil up-graders, enhanced recovery projects and that sort of thing? By way of an aside, I want to say that the information I have received from the oil industry is that none of these projects is viable. Further, it is not possible to finance any of them at $20 a barrel. If the government now holds the view that $20 a barrel is sufficient to attract investment into this sort of project which produces the higher priced sort of oil that I have just described, that is new. I would hope that the minister could provide us with some background information that would justify that comment. I know that yesterday he quoted someone from the OPEC as saying that they could somehow live with $22, or whatever it is, but I am talking about the massive increase that Canada needs to offset the decline in production of some of these higher priced projects such as the offshore, the Beaufort and the enhanced tar sands projects. Could the government leader help us try to understand where $20 a barrel becomes profitable on these projects?

Senator Roblin: I do not intend to make any pronouncement on the part of the government with respect to this matter. I could say, however, that the industry opinion which is open to us indicates that, at that particular level, these projects will not be stopped. They will continue and they will proceed on their way.

● (1430)

Some of them are well advanced. Hibernia, which was mentioned yesterday, is well advanced. The investment is in place, and I suspect that will be proceeding in due course. I would not be surprised if the same thing were true with some of the other well-advanced projects in the western Atlantic. I would fully expect that the other heavy sands projects, and so on, will stand a very good chance of continuing because these people are taking a longer view than what happens to the spot price this week and next; they are looking ahead. I think most of them are still of the opinion that when those plants come on stream the price will be adequate to support the economics.

Senator Olson: Honourable senators, I do want to give another senator an opportunity to discuss this, but I should like to know if the minister would give us an undertaking that he will have some analysis done by the people in EMR or in another government department, such as the Department of Finance, in order to give us some indication to support those figures. Are they just figures which have been taken out of the air and are not supported by the facts?

Senator Roblin: I cannot give a firm undertaking that I will produce a report to show my honourable friend, but I can tell him that I will make inquiries to see what information is available.

Hon. Earl A. Hastings: Honourable senators, I have a supplementary question for the Leader of the Government in

the Senate following from the question posed by Senator Perrault. The government leader gave us an analysis of oil marketing in Canada and how it would take three months for any price decrease to work its way through the system.

I would point out to the Leader of the Government that at this particular time of the year the refinery stocks and inventories are at their annual lowest ebb because they have held back purchasing until this time. Therefore, it should not take three months for a price decrease to work its way through that system.

Could the Leader of the Government explain why any price increase never seems to take three months to work its way through the system? In fact, it is reflected at the pumps the next afternoon. When, a few years ago, the Government of Quebec reduced its excise tax by 5 per cent, which only held for about three days, that was reflected as an increase at the pumps almost immediately the reversal was made.

In any event, why does it always take three months to reflect a decrease; yet, a price increase seems to be reflected within 24 hours?

Senator Roblin: I expect that the state of the inventories in the industry is one reason one of the commentators said that the reductions may show up in 30 days. I do not offer that as a guarantee. I merely say that it is opinion and that no one knows for sure.

Senator Frith: The same should apply to increases.

Senator Roblin: The price of gasoline is not set by the government; it is set by market forces to the extent that they operate, although I do admit there is a big argument about that.

Senator Doody: The same people who set it last year and the year before.

Senator Olson: You have abrogated your responsibility.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have just one question to put to the Leader of the Government who stated earlier that it was not the intention of the government to intervene in any way in the oil market; that it would leave the price to be established by market forces.

Am I to take it from that that the government is prepared to accept a very low world oil price without intervening? Some analysts are predicting the possibility of oil settling much below $15 a barrel. Supposing that did happen, would the government still accept the result of the market or would it, at that point, consider intervention?

Senator Roblin: I hope the government would never be so dogmatic that it would say, "This is our policy, come hell or high water, and we will never change it even though the facts change." I am sure that will not be the case.

My statement about interference or intervention in the market had to do with the situation as it exists today. In the hypothetical situation my honourable friend raises, I am sure all factors would have to be considered again to decide what policy course to follow.

[Senator Hastings.]

Senator MacEachen: Therefore, the Leader of the Government is not ruling out the possibility of the government establishing at some point a price that would be higher than the world price.

Senator Roblin: I learned long ago, one, never to respond to hypothetical questions of that nature and, two, never to rule anything out.

CANADA-UNITED STATES RELATIONS

U.S. WEAPONS TESTING IN CANADA—CRUISE MISSILE MISHAP

Hon. Joyce Fairbairn: Could the Leader of the Government in the Senate indicate to us whether or not any further information or public explanation has been given to the Canadian government about the cruise missile which did not perform according to plan during its test in Alberta?

Hon. Duff Roblin (Leader of the Government): Of course, the reason for having the tests is to find out precisely how they will operate, and that is what transpired in this case.

As I understand the matter, the missile fell within the reserve area in which it was intended to fall, but not on the precise spot that was targeted. This fact in no way leads to any cause for concern for the safety of the public.

FOREIGN AFFAIRS

FORTHCOMING VISIT OF GOVERNMENT LEADER TO SOUTHERN AFRICA—CORRECTION OF PRESS REPORT

Hon. Duff Roblin (Leader of the Government): Honourable senators, before we reach the end of Question Period, I would appreciate the courtesy of the chamber in allowing me to comment on a press report that was prepared today as a result of an interview I gave respecting my forthcoming visit to southern Africa when the question arose of Canada's policy with respect to Angola.

The story as written says:

> Canada may be on a collision course with the United States over Washington's designs to oust Angola's Marxist régime, a Conservative cabinet minister suggested Thursday.

The cabinet minister referred to was me. Of course, I said no such thing. Nobody in his right mind would indulge in that kind of comment. This is editorial comment on the part of the writer. I respect his right to make the comment, but I want to make it clear that the statement was not mine.

If you go on to read the rest of the story, you will find a sentence in which my comment that we have been strengthening our diplomatic ties with Angola is linked with President Reagan's seeking of funds from Congress for covert operations against the leftist régime. Of course, I made no such link myself. I did not attempt to make any such comparison, and the statement in the press is misleading because it leaves the impression that a spokesman for the Government of Canada linked those two policies together in a sense that would lead to

a feeling of confrontation with the United States. I want to make it clear that I did not do this.

What I did say was that Canada did not agree with the policy of the United States respecting linkage with Cuba in dealing with Namibia and Angola. It is well known and it has long been known to the whole world that we have not followed the United States in their policy of linkage with respect to the presence of Cubans in Angola and the settlement of the Namibian dispute. That is not news; that is very much old hat.

It follows from that, I think, that, if we did not agree with the policy of linkage, we are not likely to agree with the policy of support for the insurgents.

I guess that is the base of the reporter's statement, but I want to be quite precise in clarifying the actual comment I made at the time.

Hon. Allan J. MacEachen (Leader of the Opposition): On that point, inasmuch as the Leader of the Government has raised the question of Namibia and Angola, what will he be saying to his interlocutors in Africa about the status of the Contact Group? Can he tell me when it last met? Has it met since the present government took office at the ministerial level? Does that signal that the Contact Group, for all practical purposes, is dead and has nothing to offer in the future with respect to the settlement in Namibia?

Senator Roblin: I think my honourable friend is right. I do not think the Contact Group has met since 1983, several years ago. There seems to be no plan for it to meet in the near future.

I think the attitude I will take is: I will broach the subject with our friends in southern Africa, the nine countries of the SADCC agreement, to see if they have any suggestions as to how Canada might be useful in reactivating the Contact Group. It is going to be exceedingly difficult to do that, but I would certainly be most interested to have their views on the matter. We will see what they think about it. So far, they have understood our position and have not been critical of it, as far as I know.

Senator MacEachen: Does Canada have confidence in the Contact Group to the extent that the minister has indicated, namely, that he would be probing the southern Africans, presumably the front-line states, as to whether they would like us to try to get the Contact Group together and to have a further meeting?

Senator Roblin: I think I will wait and see what they have to say.

● (1440)

THE SENATE

AVAILABILITY OF INFORMATION IN ABSENCE OF GOVERNMENT LEADER

Hon. H. A. Olson: Honourable senators, since the Leader of the Government has indicated that he will be away for a few days, I would like to ask him whether we could have some special arrangements made so that the Deputy Leader of the Government could both seek and convey information about a number of extremely important economic matters, such as the oil pricing policy. In the past the Deputy Leader of the Government has always, very amicably and with good wit and humour, replied to the questions, but he never gives any answers, on the grounds that he is not a member of cabinet, and so on. Would the Leader of the Government give us an undertaking that some extra special arrangements will be made so that information can be brought to the chamber during the next two weeks, so that we are not left in the dark. I would like the Leader of the Government to give us an indication that we will not be left completely in the dark for two full weeks.

Hon. Duff Roblin (Leader of the Government): I appreciate the implied compliment that sometimes you are not in the dark after you have heard an answer by myself respecting your questions. My colleague will be most prompt in dealing with any question. If he does not have the answer himself, he will be able to take it as notice, just as I do, and will provide an answer to the Senate as soon as possible.

Senator Olson: So we can expect a substantially better performance than the excuses we have received in the past?

Senator Frith: I think that is what he was implying.

PENITENTIARIES

STONEY MOUNTAIN—CONSTRUCTION OF DOGHOUSE

Hon. Earl A. Hastings: Honourable senators, I am sure that we all wish the Leader of the Government bon voyage on his trip to southern Africa, and we wish him every success in his undertaking. I know he would not want to go without my reminding him of some responsibilities concerning that important institution at Winnipeg, namely, Stoney Mountain Penitentiary. Would the Leader of the Government provide me with the total cost of a doghouse constructed at Stoney Mountain Penitentiary, including the design, consultant, and architectural fees that were paid in connection with that project? The doghouse is supplied with power and water. I do not know why the dogs need power at night. Would the Leader of the Government also ascertain how many dogs may be double-bunked?

Senator Bonnell: Someone will be in the doghouse!

Hon. Duff Roblin (Leader of the Government): Honourable senators, the first part of my honourable friend's question was not a two-bit question. It was a 50-cent question, and I thank him for it. The rest was a two-bit question, and I will take it as notice for return. We will get the answer for him as soon as we can.

CANADA-UNITED STATES RELATIONS

U.S. WEAPONS TESTING IN CANADA—CRUISE MISSILE MISHAP

Hon. Joyce Fairbairn: Honourable senators, I wish to complete my question regarding the cruise missile test. I realize

that it was just a test and that the missiles are unarmed. However, there seems to be some question of our right to know when something goes amiss with such tests. It seems to be a question of no information being forthcoming. I think there was an understanding all along that if something did go amiss in connection with these tests, there would be an automatic parachute. Apparently that did not occur. I am seeking some assurance that people in the area do have a right to know what is happening over their territory. Has the government received any indication as to whether or not the other test, which was tentatively scheduled for tomorrow, will proceed without first having information on what went amiss with the test that occurred yesterday?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I believe my honourable friend is not quite fair to the officer at Cold Lake who gave the information about what happened, because he did give a pretty good description of the actual course of events. What he did not talk about were the technological reasons why—and I think it is obvious why it is a little difficult to be as frank about those as it is about other things, because, after all, it comes under the heading of military information. However, I am sympathetic toward my honourable friend's concern about what the people in the area think about it, and whether everything is being done that should be done to ensure that there is no risk to them. I will certainly convey that message to those concerned to see what can be done to clarify the situation. I have no information about the flight today.

Senator Frith: Perhaps he should have read the box. Perhaps parachutes were not included; batteries extra.

Senator Perrault: f.o.b. Cold Lake.

AGRICULTURE

SUGAR-BEET INDUSTRY—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, before the Leader of the Government leaves our shores, I, too, am concerned, as was Senator Olson, about his absence and about questions left hanging. I am wondering whether he has anything to report, following today's meeting of cabinet, concerning sugar-beets, and whether Senator Doody will be able to pass us the word, if the word is forthcoming, in the next few days?

Hon Duff Roblin (Leader of the Government): Honourable senators, I can give an undertaking that one of the special obligations that I shall be leaving with Senator Doody is to take care of my honourable friend's concern regarding sugar-beets, because if I were to add up the number of times that she has asked a question on this matter, it would amount to a considerable number. Therefore I know she is concerned. I also know that she is not likely to stop asking questions until she has obtained an answer, and there is nothing wrong with that. So I will ask Senator Doody to take careful note of this subject to see that my friend is informed as soon as possible.

[Senator Fairbairn.]

WESTERN CANADA—DROUGHT AND OTHER CONDITIONS—GOVERNMENT ASSISTANCE—AVAILABILITY OF APPLICATION FORMS

Hon. H. A. Olson: Honourable senators, I wish to thank the Leader of the Government for sending me a copy of the press release concerning and the application form for drought assistance. So far as I can tell, it was not sent to my office, and I hope that in future senators from the affected area will have this sent without having to make a special request for it. I thank the Leader of the Government for sending me a copy of his.

Earlier today I checked with some farmers in southern Alberta and discovered that one of the provisions is that no application will be accepted after March 1. I find that some application forms have not been mailed out to farmers. Some farmers have not yet received them. Therefore I would ask the Leader of the Government whether he could indicate to the Minister of Agriculture, and the ministers concerned with PFRA, that some farmers have not yet received these application forms, and when there is such a strict deadline on them, they should have them immediately.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will do so; and my friend could help me if he gave me any names that have come to his notice.

FOREIGN AFFAIRS

FORTHCOMING VISIT OF GOVERNMENT LEADER TO SOUTHERN AFRICA—CORRECTION OF PRESS REPORT

Hon. Gildas L. Molgat: Honourable senators, I have a question for the Leader of the Government concerning the correction he made a few minutes ago to a newspaper story. I have not seen that story, and therefore I am going on the basis of what I think I heard him say, namely, that a Canadian minister had made the statement but that it was not he. Was it another Canadian minister?

Hon. Duff Roblin (Leader of the Government): No; it was yours truly.

[*Translation*]

FISHERIES AND OCEANS

FUTURE OF STAR-KIST PLANT—GOVERNMENT POLICY—REQUEST FOR REPLY

Hon. Eymard G. Corbin: Honourable senators, I would like to get back to the problems of eastern Canada. We have had an excellent exchange on questions concerning western Canada today and I am pleased about that.

I would like to get back to the problems concerning tuna inspection at the St. Andrews plant. As the Leader of the Government will recall, on October 1, I raised a question concerning the government's intention to resolve the imbroglio, namely problems of inspection, quality, and so on.

The Leader of the Government told me at the time, and I quote:

I think that I am within proper bounds if I tell my honourable friend that some announcements may be made with respect to this matter when the policy has been thoroughly considered.

Again I raised the matter with the Leader of the Government on October 16, but without success; I raised the question again on the 17th, again without result; I tried again on November 5. On that date the Leader of the Government gave me the same answer he had given me on October 1. I do not hold that against him. There can be no question of accusing him of not telling us exactly what he thinks.

A few months have passed since then. Today, again I would like to ask the Leader of the Government whether the Minister of Fisheries and Oceans or, at least; the government has completed that thorough examination of the general question of certification of every kind of foodstuffs.

Secondly, is he in a position to announce soon, or when does he intend to announce the new guidelines, if I am call them that?

• (1450)

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I will make an inquiry.

[*Translation*]

Senator Corbin: Honourable senators, again I was expecting that answer! Frankly, I am disappointed.

The Leader of the Government has people in his office who can read *Hansard* and find out the concerns of honourable senators. Those people think that we rise every day in this chamber like puppets simply to get our daily exercise. This is the fourth time I have been given this kind of answer to the same basic question.

Yes or no, is the government concerned about what is going to happen to the St. Andrews plant? Yes or no, is it concerned about the future of workers in that plant?

That is not the way to answer. That is not the way to come to grips with problems. I have had it up to here with this kind of attitude, with this kind of government.

I am not at all satisfied with the answer of the Leader of the Government, and I want to make that clear.

[*English*]

Senator Roblin: If my honourable friend is tired of me, I can say that I am also tired of him.

[*Translation*]

Senator Corbin: Honourable senators, this was not a personal comment I made to the Leader of the Government. As a man, I respect him.

Still, he has a job to do and it is with that in mind that I direct my questions to him. If he does not like it, let him say so. Then we will understand why he insists on travelling all over the world!

However, if he wants to give his undivided attention to his performance as Leader of the Government in this house, well, he ought to tell his own staff. If they are unable to read the Senate *Hansard* he should tell them what concerns us. He should tell them that we are concerned about the future of a plant in New Brunswick and about the future of workers in that plant.

If he is unable to do that, he should let Senator Doody take his place.

[*English*]

Senator Roblin: I am glad my honourable friend is not making a personal comment.

CANADA-UNITED STATES RELATIONS

U.S. WEAPONS TESTING IN CANADA—CRUISE MISSILE MISHAP

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, on the point raised by Senator Fairbairn with respect to the cruise missile, I think there is a question of credibility here with respect to the information which was provided at the time that the test of the cruise missile was announced. As honourable senators will recall, it was a very controversial decision, and every effort was made to relieve the anxiety that might arise in the minds of the Canadian public. Based upon information provided by the Department of Defense in the United States, information was made available to the Canadian public that, in the event of any mishap in the guidance system or in the flight of the unarmed missile, there would be a soft landing because of the opening of a parachute which was expected to induce the missile to float gracefully to the ground.

We now know that there was a crash, and I think that the Canadian public is entitled to know what happened. As the one who put out this information, I too would like to know what happened. Why was there a crash when the military adviser said that in such an eventuality there would be a soft landing. I think it is a question of credibility in advising the public as to this very important matter. Therefore I hope that the Leader of the Government or, in his absence, Senator Doody, will try to obtain the information for us as quickly as possible.

Hon. Duff Roblin (Leader of the Government): My friend was there at the time, so I respect his special knowledge in respect of the matter and I will try to get an answer to the point he raises.

INCOME TAX ACT AND RELATED STATUTES

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Finlay MacDonald moved the second reading of Bill C-84, to amend the Income Tax Act and related statutes and to amend the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Financial Administration Act and the Petroleum and Gas Revenue Tax Act.

He said: Honourable senators, I speak to you today in support of Bill C-84, to amend the Income Tax Act and related statutes. This bill, which is before you today at second

reading, is an important piece of legislation which effects changes not only to the Income Tax Act but also to the Canada Pension Plan, the 1971 Unemployment Insurance Act, the Financial Administration Act and the Petroleum and Gas Revenue Tax Act.

Bill C-84 implements measures proposed in the federal budget of May 23, 1985 as amended in response to subsequent consultations. This bill is a responsible approach to the needs of Canada. I speak, of course, of the government's plan to secure durable economic renewal for Canadians. This is an important first step in this plan and proposes ambitious new measures that will form a firm foundation for Canada's economic recovery.

The higlight of this bill is, of course, the half-million dollar capital gains exemption, a measure which will allow Canadians in all walks of life to retain the benefits of their initiative and their success. The bill also contains measures to help bring the deficit under control by reducing the rate of growth on the revenue side by certain measures which I will mention in passing. Some have a revenue figure projected; others have not. There is an individual surtax, a measure that is expected to bring revenues of $235 million in 1985 and $500 million in 1986; elimination of the federal tax reduction, a measure which will increase federal revenues by approximately $650 million in 1986.

The budget also proposes to reduce the effect of indexation, commencing in 1986, by limiting the adjustment to any increase in the Consumer Price Index in excess of 3 per cent. Contributions to RHOSPs after May 22, 1985, will no longer be allowed and this measure is expected to increase government revenues by approximately $80 million in 1985 and $105 million in 1986. There is a temporary corporate surtax of 5 per cent of federal tax otherwise payable on all corporations, with some exceptions. The bill proposes that financial institutions such as banks, federally or provincially-regulated trust and loan corporations, et cetera, will be subject to a special deductible tax.

The bill that we are considering amends the Income Tax Act in certain fundamental ways, changing the direction of tax policy in Canada. Measures contained in this bill include the following:

● (1500)

—a lifetime $500,000 capital gains exemption for each and every Canadian individual, as already mentioned;

—rules permitting pension and other retirement savings plans to invest in small business;

—a capital tax on large financial institutions as mentioned;

—rules preventing unfair tax advantage being obtained through income splitting devices; and,

—changes to revenue Canada's powers to examine and audit taxpayers' books and records, including powers of search and seizure.

Measures affecting income splitting improve the fairness of the tax system. Measures imposing a capital tax on large financial institutions and preventing unjustifiable tax leakage through tax-free inducement payments are evidence of a new approach to fiscal responsibility.

This bill also represents evidence of a new willingness to co-operate with the private sector in the development of policies. For example, subtle but important variations of some of the budget measures are contained in this bill. As many of my honourable colleagues will know, the May budget proposed that, in consequence of the introduction of the capital gains exemption, capital losses realized after 1984 would be deductible only from capital gains. This measure has been relaxed to permit capital losses realized before the May budget to be deductible against regular income to the extent of $2,000 a year.

In response to recommendations of the Cape Breton Advisory Committee, the special 50 per cent Cape Breton investment tax credit was increased to 60 per cent. Bill C-84 implements this special measure at the 60 per cent level to help this most needy and beloved part of the country.

Similarly, the May budget proposed a capital tax on financial institutions with assets in excess of $200 million, and in order to restrict the application of this measure to only the largest financial institutions, this threshold has been increased to $300 million.

Honourable senators, in the past members of this chamber have witnessed situations where projects were financed with government grants once and then financed a second time with investment tax credits, so that the government has picked up virtually the whole cost of the project. This situation is now corrected; it is discontinued by Bill C-84, which recognizes the principle that investment tax credits cannot be earned by spending government grants. While this policy would seem obvious, it has taken some ten years to correct this deficiency.

Bill C-84 contains a variety of new measures affecting almost every facet of tax policy. It contains measures such as the income-splitting rules to promote the fairness of the system so that Canadians can believe in the fundamental equity of the system. This bill also contains measures to repeal the controversial scientific research tax credit and replace it with a refundable tax credit paid directly to research and development performers. Similarly, this bill contains provisions to prevent tax credit abuse by unacceptable sales of tax credits through the sales of shell corporations. These rules will restrict the way in which tax credits may be utilized after a change in the control of a corporation.

Honourable senators, I believe the bill is a true change for the better and represents a substantial improvement of the system. It has received, as you know, extensive pre-study. I commend it to all honourable senators.

On motion of Senator Godfrey, debate adjourned.

STANDING RULES AND ORDERS

MOTION FOR ADOPTION OF FOURTH REPORT OF COMMITTEE—MOTION IN AMENDMENT—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Davey, for the adoption of the Fourth Report of the Standing Committee on Standing Rules and Orders (Royal Assent), presented in the Senate on 6th November, 1985,
>
> And on the motion in amendment thereto of the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Doody, that the Report be not now adopted but that it be referred back to the Committee for further consideration.—(*Honourable Senator Godfrey*).

Hon. John M. Godfrey: Honourable senators, this question of changing Royal Assent has been around for approximately three years. I think Senator Flynn deserves credit for first bringing it up, and when he did bring that up, which was in January of 1983, as is the case with so many suggestions made in the Senate, nothing happened. So, I took it upon myself to ask the Research Branch of the Library of Parliament to look into the whole question of Royal Assent, how it has been done in Canada, the United Kingdom and Australia.

There are three reasons for wanting to have an alternative method. The main reason the United Kingdom changed the method in 1967 was that it could interrupt an important debate in or other important business of the House of Commons. The second reason is that, because of the time that Royal Assent is usually held, usually 5.30 p.m. or 5.45 p.m., it has no particular significance to the public. Although it is a rather impressive ceremony, there is nobody around to see it; usually the public galleries are empty at that hour. It is not like the Speaker's Parade before a sitting of the Senate or the House of Commons. So, there is no special significance on ordinary occasions, although there are occasions when it has special significance, and it is intended that we keep the current practice for those occasions.

From a practical point of view, one of the main difficulties of having no alternative method is that it means that the Senate must adjourn at the same time as the House of Commons; that there is no point in the Senate passing a bill after the House of Commons has adjourned because Royal Assent cannot be given until the House of Commons reconvenes, whereas if there were an alternative method and bills were referred to the Senate in the last days of a session, the Senate could take its time considering those bills. The House of Commons could adjourn, and when the Senate had disposed of the bills, Royal Assent could be arranged.

When I received the study—which is an excellent one—from the Research Branch of the Library of Parliament, dated February 28, 1983, I sent it to Senator Frith. Senator Frith went into the matter carefully and gave an excellent speech on May 10, 1983, in which he went into the whole history of Royal Assent, how they handled it in the United Kingdom, Australia, and so forth. He suggested an amendment to the Interpretation Act.

Nothing happened after Senator Frith's speech, and in January—because there was still this concern about what the proper procedure was—I asked for an opinion from Eugene Forsey. I received that opinion on January 24, 1984. In that opinion he said that the change could not be made by the Governor General acting alone, or by resolution of the two houses. The basis of that opinion was that when it was changed in 1541 in the United Kingdom, and again in 1967, it was changed by an act of Parliament and, because of that precedent, we could not do it by resolution nor could it be changed by the Governor General.

In that opinion Senator Forsey also referred to the Australian situation. In Australia they have exactly the same procedure as we have, but they also have an alternative procedure. I do not think Australia has used our procedure in the past 80 years.

After I received the letter from Senator Forsey, I wrote a letter to Senator Frith, which I should like to read into the record. That letter is dated January 31, 1984, and states:

• (1510)

> Herewith copy of a letter I have received from Eugene Forsey. I must say that I was surprised with his opinion.
>
> While it is true that the two changes in the United Kingdom were done by statute, this was obviously necessary because the statute of 1541 gave the power to someone other than the Crown to give Royal Assent. The 1541 statute also specifically provided that it be "declared and notified in his Absence to the Lords spiritual and temporal, and to the Commons, assembled together in the high House." Because the procedure of granting Royal Assent was provided in the statute, it was obvious, therefore, that it could only be amended by statute in 1967. This isn't comparable to the case in Canada at all. The only statutory provisions are in Sections 55 to 57, and Section 14, of the Constitution Act, 1867, and there is nothing in those sections providing for the Assent to be given in the presence of Senators and Members of the House of Commons in the Senate Chamber as provided in the 1541 United Kingdom Act. Therefore, I fail to see the relevancy of the procedure adopted in the United Kingdom.
>
> Furthermore, I think your speech is very clear as to how the alternative procedure came to be adopted in Australia, and I don't see any point in getting an opinion from Professor Dennis Pearce.

Senator Forsey had also made that suggestion. The letter goes on:

> However, in view of Senator Forsey's opinion, I do believe that you should ask the Department of Justice for a formal opinion and if there was any doubt after receiving that opinon, consideration could be given to a reference to the Supreme Court of Canada. That would be a lot simpler than either an act or a constitutional amend-

ment and would remove any doubt as to whether or not anything more than a simple resolution of both Houses is necessary.

I would like to read into the record section 55 of the Constitution Act, 1867:

> Where a Bill passed by the Houses of the Parliament is presented to the Governor General for the Queen's Assent, he shall declare, according to his Discretion, but subject to the Provisions of this Act and to Her Majesty's Instructions, either that he assents thereto in the Queen's Name, or that he withholds the Queen's Assent, or that he reserves the Bill for the Signification of the Queen's Pleasure.

Nothing whatsoever is said in that section about the necessity that it be in the presence of the Senate or the House of Commons. Exactly the same wording with a few minor changes appears in the Constitution Act of Australia, except that they do not include, "and to Her Majesty's Instructions." In my opinion that phrase is completely irrelevant. Australia had the same problem but they did not bother to pass a resolution. They went ahead, along with the Governor General, and have been doing so happily for 80 years. Surely, honourable senators, that is a much better precedent than the precedent set by the United Kingdom which, as I have explained, was forced to pass legislation.

After I sent this letter to Senator Frith, he then wrote a letter to Mr. MacGuigan, the then Minister of Justice, and included my opinion and Senator Forsey's opinion. I must say that my professional pride is wounded because Senator Roblin referred to Senator Forsey's opinion in his speech and not mine.

Senator Roblin: You can speak for yourself.

Senator Godfrey: Senator Frith asked for an opinion from the Department of Justice, but nothing happened, or, at least, the matter was not followed up. On February 26, 1985, I asked the following question in the Senate:

> Honourable senators, the fact that we are having Royal Assent later this afternoon reminded me that several years ago there was a movement afoot in the Senate—I remember having some research done by the Library of Parliament—towards considering alternative forms of Royal Assent, which could be very convenient. As we all know, in this regard we are about 80 years behind Australia, and I forget how many years behind the United Kingdom.
>
> My question to the Leader of the Government in the Senate is: What has happened to the suggestion that we might reform our form of Royal Assent and bring ourselves into the twentieth century? If the honourable gentleman cannot give me an answer, would he look into the matter and consider some action?

The Honourable Duff Roblin replied:

> Honourable senators, my problem in this instance is that the matter in question was introduced prior to the accession to office of the present administration. It is, therefore, not within my power to tell my honourable friend what happened to the matter during that time. In this matter, we had a staunch advocate in Senator Flynn, and it may be that the subject should be re-opened. However, at the present time I have no information in this regard.

After that reply, I decided that I had better give the honourable senator some information. On February 27, 1975 I wrote Senator Roblin the following:

> Further to my Question in the Senate, I am enclosing herewith the following:
>
> 1. A paper prepared by the Research Branch of the Library of Parliament on Royal Assent in Great Britain, Canada and Australia, dated February 28, 1983;
> 2. copy of a speech given in the Senate by Senator Frith on May 20, 1983;
> 3. copy of a letter from the Hon. Eugene Forsey dated January 24, 1984;
> 4. copy of a letter dated January 31, 1984, from me to Senator Frith;
> 5. copy of a letter dated February 7, 1984, from Senator Frith to the Honourable Mark MacGuigan.
>
> As you can see, Senator Frith was in favour of adopting an alternative procedure. I suspect that nothing was done about it because of the usual inertia with respect to any concrete proposals to change well established procedures in the Senate.

Senator Roblin: You are right about that.

Senator Godfrey: I could not resist that little dig. Then on April 2, 1985, I asked another question.

Senator Doody: Oh, great!

Senator Godfrey: I said:

> Honourable senators, I have a question for the Leader of the Government. A few weeks ago I asked him a question regarding Royal Assent. Honourable senators will recall the suggestions put forward two years ago by Senator Frith when he delivered a long and learned speech. I am wondering if anything has been done about it. I notice, in the second report of the Special Committee on the Reform of the House of Commons, the following recommendation:
>
> > Your Committee recommends that the declaration of Royal Assent by written message be adopted in Canada and that the Government embark on the necessary discussions to achieve this change. Notwithstanding this recommendation, provisions should be made for the use of the present practice should that be the pleasure of Her Excellency on the advice of Her Ministers.
>
> My question to the Leader of the Government is simply this: Is he now prepared to push this thing?

The Honourable Duff Roblin said:

Honourable senators, I have been given very strong impetus in that direction by my colleague, Senator Flynn, who has a proprietary interest in this matter so far as the Senate is concerned. I should think that when the House of Commons has completed its study and tendered its advice as to changing the various rules, it might be advisable to take the whole of those recommendations under advisement to see which of them might be suitable for adoption by the Senate. The one to which my honourable friend has referred is certainly one that should be near the top of the agenda.

The matter then arrived before the Standing Rules and Orders Committee. I have forgotten exactly how it got there. I do not think that it was by formal resolution. I believe it was on the basis of a suggestion by me that the committee look into the matter. The committee considered the matter of procedure very carefully and came to the conclusion that it preferred my legal opinion to the opinion of Senator Forsey, that the Australian precedent adopted 80 years ago was better then the precedent of the United Kingdom and that we could do it by simple resolution. However, having said all that, I believe that Senator Roblin's concerns are legitimate ones. I cannot imagine the House of Commons adopting a procedure suggested by the Senate without getting some kind of opinion other than mine.

Senator Doody: Oh, come on; don't be so modest!

Senator Godfrey: I would expect the Senate to follow my opinion, but I would expect the House of Commons to go to the Department of Justice. I suggest that rather than sending this matter back to the Rules committee, which is presently jammed with other business—including a couple of matters I have before it—and which, I am told, would be unable to deal with this matter for some weeks, we ask Senator Roblin, who might have more influence with the Department of Justice now than Senator Frith had two years ago, to ask for an opinion. In other words, we let the matter of whether it should be referred back to the committee ride until we receive an opinion, and in light of that opinion we can decide what to do.

Hon. Royce Frith (Deputy Leader of the Opposition): Could I ask Senator Godfrey if he has considered the possibility of having the government ask parliamentary counsel on the other side or here for an opinion, rather than the Department of Justice? I am not sure, but I have a vague recollection that Mr. MacGuigan, the then Minister of Justice, indicated to me in an unofficial capacity that he thought that perhaps parliamentary counsel, the Clerk's Office or the Speaker's Office might be better places to seek a legal opinion. Perhaps the honourable senator could use that suggestion in case the Department of Justice continues to resist.

Senator Godfrey: I have no objection to asking our Parliamentary Counsel for an opinion. I would put my legal opinion ahead of Parliamentary Counsel's so it would not have much influence on me.

Senator Hicks: You are so modest.

Senator Godfrey: I am so modest. From a practical point of view, the Department of Justice is more neutral. If the House of Commons wants to ask its Parliamentary Counsel, that is fine. However, I would also like to have an opinion from the Department of Justice, particularly on questions of the legality of acts of Parliament, and so on. I think that that department should look into the matter and provide an opinion by which to persuade our friends.

• (1520)

Senator Frith: On the subject of our own Parliamentary Counsel, the committee does have his opinion. I believe that it supports that of Senator Godfrey, as he will be glad to know.

On motion of Senator Stewart (Antigonish-Guysborough), debate adjourned.

PARLIAMENT BUILDINGS

CENTRE BLOCK—REMOVAL OF PORTRAITS OF BRITISH PRIME MINISTERS—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Hicks, calling the attention of the Senate to the removal of the portraits of former British Prime Ministers from the sixth floor of the Centre Block of the Parliament Buildings.—(*Honourable Senator Hicks*).

Hon. Henry D. Hicks: Honourable senators, I will dispose of this matter next week. I ask that the order stand in my name until that time.

Senator Frith: You sure know how to run a cliff-hanger!

Senator Hicks: I have had a lot of good mentors to follow.

Order stands.

THE SENATE

MOTION TO AUTHORIZE BROADCASTING OF PROCEEDINGS—MOTION IN AMENDMENT—DEBATE ADJOURNED

On the Order:

Resuming the debate on the motion of the Honourable Senator Davey, seconded by the Honourable Senator Frith:

That the Senate authorize arrangements for radio and television broadcasting of its proceedings and those of its committees,

And on the motion in amendment thereto of the Honourable Senator Phillips, seconded by the Honourable Senator Doody, that the motion be not now adopted, but that the subject-matter thereof be referred to the Standing Committee on Internal Economy, Budgets and Administration.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this item has been on the order paper for quite some time and I have no intention of competing with Senator Hicks in the suspense department. This order

deals with the motion of Senator Davey regarding the televising of the proceedings of the Senate and, perhaps more specifically, with the amendment of Senator Phillips, who has suggested that the subject matter be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Honourable senators, I am not at all comfortable with the motion. I would have preferred not to deal with it at this time. I do not know that all of the implications of televised proceedings, either in the chamber or in committee, have been thought through. Perhaps that, in itself, is a good argument for referring the subject matter of this motion to committee. What I am saying is that this is not a simple matter of rolling in the cameras and getting ourselves on television. I think that it strikes at the very structure of the Senate and of its proceedings. If, indeed, it is decided that television be brought in, I think that we are going to look at an entirely changed Senate, first, in terms of its rules.

I have tried to envision a televised Question Period in the Senate under our present rules. Although that certainly would not be a problem with the present Leader of the Government, because obviously he is capable of answering any questions on any subject at any time and has been a veritable gold mine of information, honourable senators only have to wait until next week to see the contrast. Then they will see how much appreciated he really should be.

Having said that, with 103 senators, including the Speaker, presumably, all entitled to ask questions of the minister on anything at any time at any length—

Senator Roblin: "At any length"—that is the thing.

Senator Doody: —it would provide an obvious opportunity for anyone to give a speech. Senator Perrault probably illustrated that today when he gave us a delightful speech that was not only well delivered but timely. Eventually he did come to the question. Under the rules of the Senate as they now stand, that is fine; it works out very well. But I try to envision that same situation on television, when the viewers would no doubt compare the proceedings of the Senate to what they have been seeing for some time in the House of Commons. Obviously, at best, we would be involved in a competitive situation. We could not let the other place outdo us. I suspect that we would be sitting for longer periods of time, doing nothing but covering the Question Period under those circumstances. As I have said, that would certainly not pose a problem under the present house leadership, but somewhere down the road, if things change—God forbid they ever do—

Senator Frith: The whole country could share his informative answers.

Senator MacEachen: Especially Newfoundland.

Senator Doody: That's right. Imagine the pressure that will be brought to bear on the members of the House of Commons, who will be forced to compete with the sort of performance that our leader gives here.

[Senator Doody.]

Senator MacEachen: The ministers in the House of Commons would emulate the Leader of the Government.

Senator Doody: I can foresee situations arising where unlimited speaking time is granted on every subject.

Senator Roblin: And unlimited supplementaries.

Senator Frith: Followed by unlimited imformation—the country would be enriched!

Senator Doody: When I sat on the other side of this chamber, I had no complaints about Question Period—it was the answer period I had problems with. I do not suppose that that will ever change.

In the general proceedings of the chamber itself, I can visualize a great deal of competition for the opportunity to speak at length on every subject that comes up. Obviously, there is merit in that and perhaps it is to be advocated. Perhaps we should encourage every senator from every province to become involved in debates on matters concerning his province. But it cannot be done under our present rules, or else we would have late sittings and the general public would not be able to get any sleep. They would be awake, perhaps, 18 or 19 hours a day, watching the proceedings of the Senate. I can see arising across the nation complaints from harried parents who cannot get their kids to bed because of this new public spectacle, this free public performance put on by some of the bravest and finest minds in the country. These are the sorts of things that have to be dealt with before we get into television.

Senator Marshall: There will be no problems on Thursday afternoon.

Senator Doody: We will have to ask our supplementary questions at the airport! I just want to ask the mercy of the editors as they work on this.

On a different note, Senator Phillips spoke of the costs involved in such a project. That is a factor that the committee will have to consider very carefully. When television was first discussed at Queen's Park, it was suggested that it would be done for something of the order of $1.5 million to $2 million. The latest information I have indicates that the cost has risen to $7.3 million and the estimates are not yet finished. I grant that that figure includes some structural changes, some physical work in the building and so forth, which was not anticipated in the beginning. However, it may very well be that that sort of thing would happen here. As I have said, that is something that the committee will have to examine carefully.

Further down the road when we realize a Senate that is elected and is truly representative of the regions, as a balance against the "rep by pop" situation of the other place, I certainly think that television coverage would be appropriate. Perhaps when the recommendations have come back from the committee I could be convinced that television coverage might be appropriate at this time. However, I doubt that very much. I certainly do not think that it would be appropriate for this chamber as it presently operates. I cannot see the review process, the sober second thought—which is a terrible expression but is very much invoked—working under television. I

cannot see the appointed Senate competing with the elected House of Commons for television time and coverage. I can visualize all sorts of problems, but I am sure that the same problems will surface in committee and will be dealt with in its report back to this chamber.

What I am saying, honourable senators, is that I would support Senator Phillips' motion in amendment that the subject matter of this motion be referred to the Standing Senate Committee on Internal Economy, Budgets and Administration.

Hon. John M. Godfrey: Honourable senators, I rise to say a few words because I was in England in November—

Senator Doody: Congratulations!

Senator Godfrey: —and I looked into the matter of the televising of the House of Lords. I think that it provides an example that we can well follow here. I agree entirely with Senator Doody. I cannot imagine us being televised during the whole of our sessions.

• (1530)

The House of Lords in England has been televising its proceedings for a trial period of a year, and the last I heard was that they were trying to decide whether televising should be permanent or not.

In the House of Commons in that country, they voted down, by a few votes, allowing televising of their sessions. However, they did not experiment with it for a trial period.

After introducing it into the House of Lords for a trial period of a year, they eventually decided to leave it entirely up to the networks as to whether they wanted to televise the sessions of the House of Lords or not. Although I am not certain of this, I believe that about once the month the networks suddenly decide that a debate is of interest throughout the country and they announce, a couple of days before the debate takes place, that it will be televised. They have very large audiences consisting of 2.5 million or 3 million people. The stock in the House of Lords has gone up. They have suddenly realized what great speakers they are.

However, their sittings are not televised every day. It is only done on special occasions. That, I suggest, if we are going to do it here, is how we should approach the matter. We should not broadcast every day.

I must say I was rather amused when we decided to televise the proceedings of the Standing Senate Committee on Banking, Trade and Commerce when Mrs. McDougall appeared before us. Five minutes before the committee proceedings commenced, I was fortunate when I arrived to get the last seat, because 18 senators were present. The next day, when proceedings were not being televised, only four senators were in attendance. All we have to do is have our proceedings televised and, obviously, senators will turn out.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a reservation about the amendment. I have spoken to the main motion and I think honourable senators know that I support it. I support the principle of radio and television broadcasting of our proceedings. I also support the idea that we authorize arrangements to be commenced.

The reservation I have concerning the amendment is that it does not just put the question of cost to the Internal Economy Committee; it places the whole question before the committee. I do not think that is the right committee to decide whether the Senate should make its debates available for broadcasting; that is really the principle of the motion.

Therefore, I will vote against the amendment, not because I am against the idea of a committee or committees—whether it be the Rules Committee, the Internal Economy committee or any other committee—considering the arrangements and the details, but because I am against a committee making a fundamental decision such as the decision that is the subject matter of the main motion and, unfortunately, is also the subject of the amendment. It leaves the principle with the committee, and I do not think that is correct in a matter of this kind.

The Senate itself should decide whether it is going to start arrangements for making television and radio broadcasting of its proceedings available. In fact, it has already made broadcasting available for radio. What is going on right now in the Senate is available to radio broadcasters simultaneously, and it is recorded.

The principle of the motion is to authorize arrangements. It is then added that television broadcasting be made available. That should be a decision of the Senate, not a decision of a committee. The decision of the committee should be simply related to working out the details. I expect that the Internal Economy Committee and other committees would be involved in that procedure which in itself would probably take at least a year.

I still support the motion but will vote against the amendment.

Senator Doody: Honourable senators, I am not quite clear on this situation. Is Senator Frith suggesting that this chamber now adopt the principle of television coverage and that a committee simply be charged with the responsibility of working out the logistics and details?

Senator Frith: And figuring out the costs and so on.

Senator Doody: But that the principle of television coverage of this chamber should be settled here and now in this place.

Senator Frith: It should be settled here, but not necessarily now.

Senator Doody: Not necessarily now, but without any prior research being done by any committee.

Senator Frith: The principle of its being available should be established by the Senate itself.

Senator Doody: Once the principle is established, of course, the rest is academic. Then it is just a matter of degree.

Senator Frith: I think, for example, it would be quite proper for us, once we established the principle that our proceedings are available for television broadcast, to introduce a separate

motion to the effect that the cost should be investigated by the Internal Economy Committee and that we should wait for a report. We could also then ask them to look into the administrative aspects.

In other words, we should ask the Internal Economy Committee to give us a report on the implementation of the principle that we have adopted, but we should not ask the committee to deal with the principle itself.

On motion of Senator Marshall, debate adjourned.

The Senate adjourned until Tuesday, January 28, 1986, at 2 p.m.

APPENDICE

(*Voir p. 1856*)

TABLEAU 1

Prestations fédérales par enfant de 1974 à 1985

	(1)	(2)	(3)	(4)
			Crédit d'impôt	
Année	Allocation familiale annuelle	Exemption	Montant	Seuil
1974	$240	$320	—	—
1975	265	352	—	—
1976	265	390	—	—
1977	287	430	—	—
1978	308	460	200	$18,000
1979	240	500	218	19,620
1980	262	540	238	21,380
1981	288	590	261	23,470
1982	323	670	343	26,330
1983	342	710	343	26,330
1984	359	710	367	26,330
1985	375	710	384	26,330

TABLEAU 2

L'évolution du taux mensuel des allocations familiales de 1974 à 1985

(1)	(2)	(3)	(4)	(5)	(6)
Année	Augmentation de l'indice des prix à la cons.	Taux selon Loi de 1973	Taux réellement en vigueur	Taux selon C-70	
1974	—	$20.00	$20.00	$20.00	—
1975	10.4%	22.08	22.08	21.48	—
1976	11.2	24.55	22.08	23.24	—
1977	8.2	26.56	23.89	24.45	—
1978	7.5	28.55	25.68	25.55	—
1979	9.0	31.12	20.00	27.08	—
1980	9.0	33.92	21.80	28.70	—
1981	9.9	37.28	23.96	30.68	—
1982	12.3	41.87	26.91	35.53	(26.91)
1983	11.2	46.56	28.52	36.28	(29.12)
1984	6.7	49.68	29.95	37.62	(30.20)
1985	4.4	51.87	31.27	38.15	(30.62)

TABLEAU 3

L'ancien et le nouveau système (1) de 1986 à 1989

	Allocations		Exemption		Crédit			
					Montant		Seuil	
Année	Ancien	Nouveau	Ancien	Nouveau	Ancien	Nouveau	Ancien	Nouveau
1986	$390	$379	$710	$710	$399	$454	$26,330	$23,500
1987	406	383	710	560	415	489	26,330	23,735
1988	422	387	710	470	432	524	26,330	23,972
1989	439	391	710	391	449	529	26,330	24,212

(1) Dans l'hypothèse d'une croissance de 4% de l'indice des prix à la consommation.

TABLEAU 4

Allocations familiales et crédit d'impôt pour 1986 à 1989
(l'hypothèse d'une augmentation de 4% de l'indice des prix)

	Allocations familiales pour un enfant			Crédit d'impôt pour un enfant lorsqu'on l'impute à l'année dans laquelle il a été gagné			
Année	(1) Selon système en vigueur	(2) Selon nouveau système	(3) Différence (2) - (1)	(4) Selon système en vigueur	(5) Selon nouveau système	(6) Différence (5) - (4)	(7) Gain (6) - (3)
1986	$390	$379	−$11	$399	$454	$55	$44
1987	$406	$383	−$23	$415	$489	$74	$51
1988	$422	$387	−$35	$432	$524	$92	$57
1989	$439	$391	−$48	$449	$529	$80	$32

THE SENATE

Tuesday, January 28, 1986

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

Prayers.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION OF THE UNITED STATES

SPACE SHUTTLE "CHALLENGER" DISASTER—CONDOLENCES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I should like to take a few moments to convey our condolences to those involved in the disaster at Cape Canaveral this morning. I think it is entirely appropriate for the Senate of Canada to send a message of condolence to those involved. I think it particularly appropriate in view of the fact that one of our fellow Canadians took a space flight a short time ago and it could very well have been that flight that met with disaster.

By no means do I want to play up the dangers involved in this sort of enterprise. I think one must look at all the successful flights that have taken place, rather than this one tragic flight that ended so terribly today.

Our congratulations to those who have developed this tremendous technology are in order, and I do not think that this tragedy should in any way diminish their achievements.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I want to join with the Deputy Leader of the Government in the Senate in expressing our condolences. I thank him for his timely comments with respect to the tragic occurrence at Cape Canaveral this morning. It was a sad, tragic and shocking event.

[*Translation*]

INCOME TAX CONVENTIONS BILL

COMMONS MESSAGE

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-6, to implement an agreement between Canada and the Union of Soviet Socialist Republics, a convention between Canada and the Cooperative Republic of Guyana and an agreement between Canada and India for the avoidance of double taxation with respect to income tax, and acquainting the Senate that they had passed the bill without amendment.

[*English*]

CUSTOMS BILL

CONCURRENCE BY COMMONS IN SENATE AMENDMENTS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that they had agreed to the amendments made by the Senate to Bill C-59, respecting Customs, without amendment.

[*Translation*]

DIVORCE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-46, to amend the Divorce Act.

Bill read the first time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Thursday next, January 30, 1986.

[*English*]

DIVORCE BILL, 1985

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-47, respecting divorce and corollary relief.

Bill read first time.

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

On motion of Senator Doody, bill placed on the orders of the day for second reading on Thursday next, January 30, 1986.

[*Translation*]

FAMILY ORDERS AND AGREEMENTS ENFORCEMENT ASSISTANCE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-48, to provide for the release of information that may assist in locating defaulting spouses and other persons and to permit, for the enforcement of support orders and support provisions, the garnishment and attachment of certain moneys payable by Her Majesty in right of Canada.

Bill read the first time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Thursday next, January 30, 1986.

[*English*]

TORONTO HARBOUR COMMISSIONERS' BILL, 1985

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-76, respecting the operation of the Toronto Island Airport by the Toronto Harbour Commissioners.

Bill read first time.

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

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

[*Translation*]

PETROLEUM AND GAS REVENUE TAX ACT INCOME TAX ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-82, to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act.

Bill read the first time.

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

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

[*English*]

AGRICULTURE

SUGAR-BEET INDUSTRY CRISIS—MOTION TO ADJOURN UNDER RULE 46(g) TO CONSIDER MATTER OF URGENT PUBLIC IMPORTANCE

Hon. Joyce Fairbairn: Honourable senators, before the house proceeds to the Orders of the Day, I move, pursuant to rule 46(g):

> That the Senate do adjourn for the purpose of raising a matter of urgent public importance, namely, the crisis of the sugar-beet industry in Canada

• (1410)

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I certainly have no objection to Senator Fairbairn's raising this matter of emergency for public debate. I think it is well worth while.

I should like the record to show, however, that I think it would be more appropriate, if it is at all possible, that honourable senators give advance notice of a motion for an emergency debate. Perhaps the very fact that it is an emergency precludes any advance notice being given, but I really do not think that this particular emergency is that terrible. I say this because there may well be senators on both sides of the house who would like to participate in the debate, to raise their voices in support, or otherwise, of the concerns brought forward in the debate. It is for the sake of honourable senators interested in this subject that I say that, if at all possible, advance notice ought to be given.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on the procedural point raised by Senator Doody, I support what he says as being quite reasonable. He, himself, has pointed out that there is a bit of a paradox in giving full notice of an urgent or emergency matter, but the fact is that, often, when an urgent matter arises, it does so within a day or two of the Senate's next sitting. He has made a reasonable request, so if any honourable senator feels that he or she wishes to use rule 46(g) for the purpose of an emergency debate, we agree that he or she should advise the leadership on both sides of the chamber of such intent with as much notice as is practical in the circumstances.

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

Hon. Senators: Agreed.

Senator Fairbairn: I thank honourable senators.

Before I begin, I should also like to join with the leadership in the Senate in expressing my personal shock and sadness at the occurrence above Cape Canaveral this morning. I think that it underlines for all of us the fragility of our own existence. I offer my deepest sympathy to the families of all concerned.

Coming to the reason for this emergency—and I would call it an emergency—debate, I completely agree with Senator Doody. Indeed, last week I had not planned to make this speech. Had I so planned, I would have given more routine notice under Inquiries or something of that nature. As events have transpired over the weekend and in the House of Commons yesterday, it became evident to me that, indeed, we had reached a stage of emergency in this industry in Canada. Today I wish to draw this to the attention of honourable senators as forcibly as I can, and I indicated to the house leader that this would be my intention.

I repeat that I did not think that I was going to have to make another plea for the survival of the sugar-beet industry in Canada. I really do thank my honourable colleagues in the Senate for their courtesy, forbearance and good humour over recent weeks and months as I have risen time and time again to ask for further reports and further intelligence as to how the discussions concerning the future of this industry were proceeding within the government. It was my hope and my belief, and that of other colleagues in this house and elsewhere, that, after all of the deep consideration and debate which this issue has received over past weeks and months, the government was ready with its decision on the future of the sugar industry. It was my hope and belief that finally this was the week in which it would be made.

Yesterday, once again, that expectation was dashed. In answers to questions in the other place, the Minister of Agriculture said that no decision had yet been made.

Honourable senators, quite simply, the sugar-beet industry in Canada is dying of uncertainty. Whatever other ailments it

may have, and there are several, the killer is now "uncertainty". If it should come, it will not strike at the heart of our financial markets on Bay Street or St. James Street. The stock market will not shudder and the dollar will not take an extra plunge. But, by God, it does strike at the heart, the daily life and the future of families, industries and small communities in southern Alberta, Manitoba and Quebec—and they are not about to let it go without a final fight; and, I suggest, neither must we.

Yesterday, representatives of the Sugar Beet Growers Association of Canada, representing those three affected provinces, again came to Ottawa, because they did not know what else to do. The government has all the information it needs. It knows the options. It knows that without an immediate decision there can be no realistic planning for the 1986 crop year. It knows that really no fair bargaining time for the necessary contracts will be available without an immediate decision; and it knows if the issue drags on any longer there will be no adequate time to prepare for seeding.

Last weekend, in Lethbridge and southern Alberta, there was a final and determined outcry of citizens to their national government, and the Parliament of Canada, in the form of a petition carrying 18,000 names—18,000 names from Lethbridge and southern Alberta. People were signing up everywhere: in the shopping malls, the senior citizens' homes, from all over the city of Lethbridge

The petition was presented yesterday in the other place by my friend, the honourable member for Lethbridge Foothills; and if the rules permitted, I would table a copy in the Senate today. This is not just another gimmick. This is a cry for help and understanding from a corner of Canada that generally is tremendously independent. It is pioneer proud. It wants to pay its own way and to contribute to the stability of its province and this country.

I should like to review briefly with honourable senators what is at risk with an industry which, to put it mildly, is not readily understood by the rest of our country. The sugar-beet industry in Canada has existed for about 90 years. It is uniquely Canadian. The beets are grown, processed, marketed and consumed in Canada. There have been approximately 1,400 producers and their families involved in the growing of beets, along with 1,600 other jobs directly related to the industry, on the farms and in the factories. Approximately 3,000 jobs are directly at risk, to say nothing of a multitude of other jobs too numerous really to hazard an estimate. Those jobs are spinoffs in the community. My own community and some 14 other municipalities are affected by this industry. This ripple effect is vital. In southern Alberta alone it accounts for an injection of $170 million annually into the economy of that community. Nationwide we are talking in terms of $0.5 billion per year going to Canada's gross national product. Canada produces 10 per cent of the sugar it uses, although there is the capacity to go upward to a level of approximately 16 per cent. It imports the rest from a surplus supply of sugar dumped on the world market by countries who protect their own industries through a variety of trade agreements. Our major sources are Australia, Cuba and South Africa. Of the approximately 40 sugar producing countries in the world, Canada is the only country that does not have a national sugar policy to protect its industry. Canadian sugar-beet producers have had to compete against surplus dumped sugar which can be purchased by Canadian refiners for a few cents a pound, and then processed cheaply. This of course results in a profit and makes good economic sense as far as the sugar companies are concerned.

[Senator Fairbairn.]

● (1420)

The contract terms offered by the company to Alberta producers last year were deemed so unrealistic that, for the first time in some 60 years, they resulted in farmers not planting sugar-beets. It is hard to convey what that means. It takes me back to my childhood in southern Alberta when this industry was always there as a stable influence if all else failed.

In addition, the growers have not yet received a stabilization payment for 1983, which has contributed to further uncertainty and real hardship for individuals.

Throughout the past year the government has studied a number of options. One of the most recent options to be discussed at some considerable length in recent weeks would involve the equivalent of a floor price for imported sugar.

As honourable senators will know from questions that have been asked repeatedly in this chamber, many deadlines have come and gone since last September. Sugar policy and stablization payments are two completely separate things but they have become mixed together and the grower has seen neither. Expectations have been raised and then lowered. The anxiety among growers has increased with the passing weeks.

The future of this industry poses difficult questions and decisions for everyone concerned, including the government. Unquestionably, everyone will have to give a little if this industry is to survive. It is a classic case of a Canadian industry that has contributed long and successfully to the stability and the prosperity of areas of this country which have depended heavily on agriculture for their economic base. It is a crop that our climate supports and it is a crop that our farmers produce very well indeed.

It is now an industry under threat, at least in my part of Canada, at a time when our communities have already been savaged by drought, by grasshoppers, by cutworms and by a wet, cold harvest of whatever there was to harvest. It is also happening at a time—and I can personally attest to this—when warm winds are blowing over our drought areas in mid-January, prompting new fears of another dry growing season to come, which is almost too much for the farm community to contemplate at this time.

With all this, must we add to it the end of the sugar-beet industry and all that it implies for the economic and social well-being of Canadians in the areas concerned?

Honourable senators, I suggest that there is no more time for talking. It is now a question of political will. This debate has been remarkably free of partisan sniping. It has been too complicated and too critical an issue for political games. To

date, the growers themselves have responsibly resisted pressures to take the kind of dramatic action that makes the national news, but leaves all of us with some uneasy feelings and questions as to whether the tactic of noisy demonstration is now to become the routine method of getting action in our democratic political process.

As the opposition, there is little more we can do in the way of encouragement or constructive pressure. However, at least I and perhaps some of my colleagues will keep on to the end until some kind of action is taken.

However, the focus now shifts. Tomorrow, party caucuses take place on Parliament Hill, and on Thursday, there is another cabinet meeting. Honourable senators, I urge my friends on the government side of this house from every province to use all of their eloquence, their skill, their influence and their powers of persuasion to persuade their colleagues from the Prime Minister down that a decision must be made at once. Win or lose, for the farmers involved, after months of patience, uncertainty itself has become the issue.

Hon. Len Marchand: Honourable senators, I do not intend to speak for too long. However, as a senator from British Columbia, I would like to say to Senator Fairbairn that I have been tremendously impressed with the case that she has been making for a long time on behalf of the sugar-beet growers and the sugar-beet industry in general.

I do not need to tell honourable senators that the farming community in general in this country is in deep trouble. In my home province, the ranchers are in deep trouble. In my conversations with them over the last little while, we have discussed the problems of the sugar-beet industry and I want to say to Senator Fairbairn that there is a tremendous amount of support within the province of British Columbia amongst the farming community and the people in general for the case that she has put forward.

The points that Senator Fairbairn has made that have impressed me are, first of all, that some 1,400 producers have been involved in the industry, some of them for up to 90 years and, in the prairie provinces and particularly in Alberta, for up to 60 years.

A few days ago, I was talking with a rancher in the Cariboo area and at that time I asked him how things were going for him and he told me that, personally, he was not too bad but he said: "I would not be telling the truth if I said everything in my life was well because I am just about to lose my ranch, my land and my cattle. The bank is about to move in."

Honourable senators, that is what is about to happen to these 1,400 sugar-beet farmers and their families and the more than 3,000 people who will be thrown out of work as a result of the procrastination and vacillations of this government in not dealing with the sugar-beet policy and in neglecting to tell the farmers right away where they stand.

• (1430)

There is some urgency, as Senator Fairbairn has pointed out, because they must know the answer soon so that they can prepare the ground for planting. Farming today is a complicated process; farming does not mean getting a few seeds together and planting them in the ground. It is a highly sophisticated and scientific endeavour today.

The people involved in farming are very good at what they do. As I have often said about farming families—and not just sugar-beet producers, but farming families in general—they are the salt of the earth; they are tremendously loyal; they are tremendously competent; and they are tremendously good Canadians.

It is important that this government give them an early answer regarding the sugar-beet policy so that they can get on with their lives with some kind of certainty.

Honourable senators, ten years ago I undertook an extensive amount of research on sugar-beets. I became involved in that because many native people in various parts of the prairie provinces were harvesting sugar-beets, especially in southern Alberta. I first became involved because I was concerned about the wages of these native people and the working conditions they were confronted with. I found that the farmers were tremendous people. They gave good responses to the cases made on behalf of the native people.

I also went so far as to look at the possibility of utilizing some of the lands that were lying dormant on Indian reservations on the prairies for farming. I think this country should have a larger sugar-beet industry. Occupying 10 per cent of the market is not good enough. There is room for more production. Why should we import 14 per cent of our requirements from South Africa? I think that is appalling. I think there is a great deal of room for the future development of a sound industry, an industry that would take up more of that market.

Right now that is not the urgent question; the urgent question is for this minister and this government to give those farmers an early answer so that they can go on with their lives.

I thank honourable senators for their attention.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, the plea made by Senator Fairbairn was certainly quite moving. I commend her for being such a worthy representative of the sugar-beet industry of her region of Canada, as she has just shown by her remarks.

Of course, New Brunswick does not have a sugar industry as such. Still some of Senator Fairbairn's comments did remind me of some experiences I had as a member of the other place when a different industry—the eastern Canada potato industry—would come knocking at our door. God knows the number of days and evenings—I would not say agonizing, but sometimes sleepless nights—spent trying to find a solution for the potato industry which is left to the ever more abrupt vagaries of the market place.

I am convinced that potato growers are not indifferent either to the plight of sugar-beet producers in western Canada or Quebec.

As Senator Marchand pointed out, I notice what seems to be, *a priori*, deliberate procrastination in the government's answers, at times a cavalier attitude in light of the kind of answers given to Senator Fairbairn over the many months she has raised the issue in this house.

Sometimes I wonder whether the government in office is naturally wont to forget all about the agricultural sectors which are in trouble at this time. This is a very bad year for the potato industry and the sugar-beet industry. Perhaps you will recall how the government reacted last year when I rose in this house to plead the case of the potato industry which was expecting the government to deliver a lot more than pious wishes full of good will. In the end such wishes did precious little to solve the basic problems of that industry.

Honourable senators will recall as well—and I say this to illustrate my earlier remarks about the rather peculiar tendency of this government to forget all about agricultural problems—that one of the first moves of this government soon after being swept into office was to abolish a royal commission of inquiry into the potato industry.

Today, potatoes from New Brunswick, Prince Edward Island and other places in Canada can be bought for peanuts, if I may put it that way, well below the production cost. They sell for less than the cost of transportation, what it costs to transport New Brunswick potatoes to the market in Montreal, Toronto or elsewhere. The situation is desperate.

In my brief intervention today I want to focus on the problem and fully endorse the remarks of Senator Fairbairn as well as the supportive comments of Senator Marchand.

This question should not be the exclusive concern of those senators who come from sugar-producing regions. It is much more complex and much more basic, affecting as it does other agricultural sectors in Canada. If that is the way they are going to deal with the sugar-beet industry, I have to wonder just how far the government is prepared to go after deciding to stand pat or let the situation deteriorate in other agricultural sectors.

I am not indulging in petty politics, and I did understand the remarks of Senator Fairbairn. There can be no question of retaliating. There is a basic problem. The way this government tackles those problems is the exact opposite of the approach of the previous administration. It is its choice, its decision, fair enough! But the problems remain unsolved. No matter where we come from in Canada, whatever region we may represent, we have to be concerned about this trend.

Before leaving last Thursday Senator Fairbairn again raised the question. I have the impression that she must be sick and tired of rising in the Senate and asking the same question, if not day after day it has to be at least once a month and sometimes week after week.

Honourable senators, there is still hope. Before leaving us for other climes, Senator Roblin said: "One of the special obligations that I shall be leaving with Senator Doody is to take care of my honourable friend's concern regarding sugar-beets, because if I were to add up the number of times that she has asked a question on this matter it would amount to a considerable number." Our only hope lies in Senator Roblin's statement, in which he said before leaving Canada on the weekend that he would ask Senator Doody to reply.

Today, therefore I urge Senator Doody, who like myself and other senators, comes from one of these disadvantaged areas, to examine the problem forthwith and prevent further deterioration of the situation.

I realize he is not a member of cabinet like the Leader of the Government in the Senate, Senator Roblin. However, we all know how the political system works. If you want to buckle down to a task, if you want to urge colleagues to support your arguments and go ahead full speed, there are ways of opening doors and making people understand.

I urgently ask Senator Doody to give particular attention to the concerns of Senator Fairbairn, who speaks on behalf of farmers who no longer know where to turn.

I have been through these situations and I know what she is talking about. I can assure Senator Fairbairn that she has and will have my support for any action to help deal with this serious problem.

Thank you, honourable senators.

• (1440)

[*English*]

Hon. Gildas L. Molgat: Honourable senators, at the beginning of this debate, Senator Doody indicated that it might be useful if longer advance notice could be given so that more senators could participate in some of these emergency debates. However, as Senator Corbin has just pointed out, this subject is hardly a new one to the Senate because it has been brought up on many occasions and has been the subject of many questions. The problem is that answers have not been forthcoming and that is why we are now at the point that we have an emergency before us.

I should like to point out that this is a much more serious problem than it might seem at first glance. I do not think the sugar-beet industry is one which immediately springs to the minds of most Canadians. However, just recently, there has been a great deal of discussion about an oil refinery closing in the province of Quebec. It has become a major issue. That represents a small number of jobs by comparison to this industry, even in the province of Quebec. When the sugar-beet industry is operating at a normal rate, it has some 450 growers in the province of Quebec; 450 growers in the province of Manitoba; and 640 growers in the province of Alberta. These are the people who produce the beets. In other words, something of the order of 1,500 growers.

You might well say that these people will grow something else. In certain years they can, but in other years they cannot. Upon those growers depends a tremendous number of other jobs. In the province of Quebec, a plant processing the beets employs a large number of workers. The same applies to the provinces of Manitoba and Alberta. These three plants employ workers who depend on them for their jobs and if the plants close, then these people will be out of work.

In addition to that, one must consider all the back-up services, that is, the people in the implement business and the related jobs. The beet industry is a heavy consumer of labour and personnel. It is a major Canadian industry.

The problem is that for the past year we have been trying to get a decision from the government and have been unable to do so. This is why we are now faced with this serious emergency in the industry.

Two issues are to be considered. The government says that they are related and, in a sense, they are. Two decisions are required. I will deal first with the simpler one, one that can be cured by money, and that is a stabilization payment which is owed to these growers relating to their 1983 crop. Honourable senators, I am not talking about last year's crop or that of the year before, but the 1983 crop. The growers have not been paid their stabilization payment.

Honourable senators, this has been a traditional payment and does not result from a new policy. This policy has been in effect for years. Going back to 1968, the government has consistently—when the final price was too low, which, admittedly, is not the case every year—-paid a stabilization payment. The last payment made was in 1982. It amounted to $10.42 per ton. The payment for 1983 has not been made and the growers have been expecting it. They have based their operations on this final price which comes out of a negotiation with the sugar companies and depends on the retail price of sugar. That amount is due. The question has been asked repeatedly in the house, and the government keeps on putting it off.

As Senator Corbin has indicated, as recently as last Thursday the Leader of the Government in the Senate said that Senator Doody would give us the answer this week. That is my understanding of what he was saying, and I am hopeful that the answer will come.

There is, however, a much greater problem relating to the continuation of this industry, which depends on government policy. The government recognizes that, because, on March 13 of last year, the Minister of Agriculture issued a press release stating that he had asked his colleague, Charles Mayer, Minister of State for the Canadian Wheat Board, to initiate a consultation with Canadian sugar-beet growers, processors and the provincial governments of Quebec, Alberta and Manitoba. In that press release, he stated:

> Serious problems within the industry prompted this action . . . I'm sure a thorough review of the situation with each of the partners involved will be of great assistance.

The press release concludes by stating that, on the basis of these industry-wide discussions and meetings, Mr. Mayer will make his recommendations to Mr. Wise.

Mr. Mayer has had his consultations. We were told that a decision would be made by the government in September. Since that time, we have been asking for the decision. The growers have been asking for a decision, and no decision has been forthcoming.

The reason for the urgency is that the growers must now decide if they are going to plant beets this spring or not. They cannot defer that decision until next June. They must start the process now. In fact, it is late now. They should have had the announcement last September so that they could have planned their work last fall, prepared their land for the planting in the spring, prepared their rotation plans for their crops and had their machinery ready for the spring planting. Although it is late, it is still possible for the government to announce its policy and for the industry to go ahead.

Honourable senators, this is no idle threat. It is simply a matter of whether the industry is going to continue or not. We started asking questions in this chamber on April 1 of last year—and I refer you to the *Hansard* of that date. At that time, we asked the government what they were going to do about the sugar-beet industry. No decision had been made at that point. It was not until after persistent questioning that on or about April 18 the government made its announcement that it would support, in conjunction with the provinces, the beet industry.

What happened last year? A late announcement was made on April 18. By the time the whole process was developed and the growers knew for sure what their position was going to be, it was about May 2. Manitoba fared best because it lost only about 10 per cent of its production. The plant carried on, 10 per cent of the growers dropped out, but the balance produced. In the province of Quebec, two-thirds of the growers did not grow beets last year. It was too late for them to plant. Unsure of the price, they did not grow beets. As a result, last year the plant in Quebec worked at about one-third capacity. There were a whole lot of workers in that province who had no work because no decision had been taken. In Alberta, the situation was worse. The growers decided that they could not afford to grow beets and, accordingly, there were no beets grown in Alberta last year. The plant was closed and remained closed throughout this year, which meant that approximately 150 jobs were completely lost.

• (1450)

Honourable senators, that is exactly what we are facing now. We have the experience from last year to go by. One plant closed completely and an entire province grew no beets. Quebec had only one third of its normal production, while Manitoba enjoyed only 90 per cent. This year, if no decision has been taken at an appropriate time—which is now, admittedly, late, but still in enough time—then there will be no production in any of the provinces. The three plants will be closed next year and the growers will not be in the beet business.

That is why an emergency exists at this time. I repeat that this is not a new issue. It has been brought up in the house frequently, but a decision has simply not been taken. This problem involves a large number of jobs. It is not just a sideline industry, it is a major employer of people, directly involving some 1,500 growers plus all of the attendant jobs elsewhere in the industry. That is why I say to the Honourable Senator Doody that we need a policy. The growers need a

policy statement and the matter cannot wait. If it does, we will experience what we did last year. That is why I commend the Honourable Senator Fairbairn for having brought about this emergency debate. It is my hope that the government will react to it. As Senator Fairbairn has said, the caucus meetings of all parties will be held tomorrow, while Thursday is the day on which cabinet meets. That must be the day of decision or this industry will close out.

Hon. Nathan Nurgitz: Honourable senators, I should first like to comment on the thoughtful presentations made by all who have participated in this debate. I particularly want to thank Senator Fairbairn for raising the matter once again. She has spoken with care on a matter that is important not only to her native province of Alberta and my native province of Manitoba, but to the entire country.

Honourable senators, the government is acting to address the concerns raised by all of those affected in this particular area. The government must proceed carefully to ensure that the interests of sugar-beet producers, sugar refiners and Canadian consumers are protected.

In March of last year, as has been pointed out by Senator Molgat, the Minister of Agriculture appointed the Honourable Charles Mayer, the Minister of State for the Canadian Wheat Board, as the minister responsible for assisting sugar-beet growers in planting their 1985 crops.

Shortly after his appointment, Mr. Mayer announced an $8 million assistance program to sugar-beet producers. That was the government's immediate response. A promise has also been made to develop a new national sugar policy. I am sure that everyone can imagine that such a task is by no means a simple, clear-cut or easy one.

The world sugar industry is suffering from large surpluses. These are created by the various policies of the major producing countries. In turn, prices are very low for the approximately 15 per cent of the sugar that is traded on the world spot market.

Canada is one of the victims of this situation. A very fragile and complex industry exists in Canada—fragile because a small increase in world production has the potential to break our producers, and complex because there are so many components in our whole system.

On April 18 of last year, Mr. Mayer announced the funding package. Following this, he immediately initiated consultation with the industry in the hope of creating a more durable, long term approach.

In July of last year a big step was taken in this direction when the minister held a major consultative meeting with sugar-beet and corn producers, refinery people and provincial government representatives. As well, briefs were submitted by consumer groups.

Allow me, for a moment, to tell honourable senators what is at the root of the problem. Competing countries who have been subsidizing their producers are responsible. Canadian sugar-beet growers are not inefficient—far from it. But as the only unprotected growers in the world, they simply cannot compete.

[Senator Molgat.]

In 1973, the federal government of the day in its wisdom actually lowered the protective tariff on sugar imports. While that government made the domestic market environment worse for our growers, other countries have implemented protective policies. For instance, the U.S. is offering producers a loan rate of 18 cents per pound of raw sugar cane. The EEC, meanwhile, guarantees producers an intervention price of 17.5 cents U.S. per pound on domestic requirements.

Not too long ago—in the early 1980s, as a matter of fact—Canadian farmers were able to make ends meet growing sugar-beets. I am certain that, in the near future, they will be able to do so again.

Of course, when considering a national policy, we have to consider all sides of the question and make certain that all concerns are fairly dealt with. Points raised by the producers, sugar refineries, industrial sugar users and, indeed, consumers must all be weighed.

This government recognizes how essential an industry sugar production and refining is. As Senator Molgat has ably pointed out, there is a large number of jobs involved in the refining end of it alone in three important regions of this country. Sugar is found in the vast majority of processed food products. In fact, Canadians consume more than 40 kilograms of sugar per capita. Sugar and sugar preparations account for about 2.5 per cent of our total expenditures for food consumed at home. That does not include the vast quantities of hidden sugar we buy when we buy processed food.

This government is mindful of the pressures facing the sugar-beet growers. Because the Minister of State for the Wheat Board understands these pressures, he is attempting to develop a proposal. He intends to announce his plan as close as possible to his target of the end of this month.

The minister is aware that sugar-beet farmers must take care of their seeding arrangements, their fertilizer and chemical plans and other seeding requirements very soon. The announcement of the minister will be made well before the one-year deadline that he announced last April.

I will say, in conclusion, that this government has made great progress in this area over the last 10 months. Discussions have been taking place. At 3.15 this afternoon, the growers will have met with a representative group of the government caucus. I suggest, honourable senators, that the government has taken a serious look at the sugar-beet industry. It is my hope that all of those affected can look forward to a national sugar-beet policy very soon.

Senator Molgat: Would the Honourable Senator Nurgitz permit a question? Was he stating, on behalf of the government, that there will be a policy announcement before the end of this month, recognizing that this is the 28th of January?

Senator Nurgitz: No, I did not, nor am I proposing to speak for the government. I indicated that it was my hope that an announcement would be made shortly.

Hon. Sidney L. Buckwold: Honourable senators, I have a few comments to make in support of Senator Fairbairn. As a representative of a neighbouring province, I want her to know

how much I am impressed, as are all honourable senators, with her continued interest in the problems of sugar-beet farmers. I rise to speak not just for sugar-beet producers but for the entire agricultural industry. In so doing, I put forward the problem of the sugar-beet producers as a symbol of the malaise of the agricultural industry as a whole. Thousands of farm families, including those of the sugar-beet producers, are faced with almost insurmountable problems. Those families are located in every province of Canada. As a senator from Saskatchewan, I am well aware of the seriousness of the troubles facing these producers. The grain, livestock and other agricultural producers face a very grim outlook. Nature has not co-operated; prices are often below the cost of production, and debt servicing charges present a burden that often cannot be met. Sugar-beet producers need a national policy, but so do the producers of other agricultual products. The entire industry needs that sort of national policy, which has not, I suggest, been forthcoming from the present government.

● (1500)

In conclusion, may I say, in supporting Senator Fairbairn, that I speak for farmers everywhere, who desperately need direction and assistance. Perhaps I can conclude my remarks by repeating an old story about the farmer in Saskatchewan or Alberta who was fortunate enough to win either Lotto Canada or the Lotto 6/49 and became an instant millionaire. Someone asked him what he was going to do with the money, and he replied "Well, I really don't know. I think I will just keep on farming until it is all used up."

Senator Fairbairn: Honourable senators, I would like to thank my colleagues for their assistance, and I now move, with leave, that this motion be withdrawn.

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

Hon. Senators: Agreed.

Motion withdrawn.

INTERNATIONAL TERRORISM

NOTICE OF MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE

Hon. William M. Kelly: Honourable senators, I give notice that on Thursday next, January 30, 1986, I will move:

> That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues of current and likely future terrorist activity in Canada, directed at Canadians or using Canada as a base for extra-Canadian activities;
>
> That the Committee make specific recommendations on the Government of Canada's policies with respect to terrorism; the protection of Canadians and Canadian federal and provincial government representatives abroad; the role of the media in reporting terrorist threats and incidents; the ability of conventional law enforcement organizations in Canada to deal with specific terrorist incidents; and the need for an anti-terrorist organization in Canada, its role and reporting relationship;
>
> That eight Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;
>
> That the Committee have power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from day to day as may be ordered by the Committee;
>
> That the Committee have power to adjourn from place to place within Canada;
>
> That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and
>
> That the Committee present its report no later than October 1, 1986.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, may I make one comment on Senator Kelly's notice of motion? I do not have any intention of questioning it. I simply wish to point out what I believe has been the recent policy of the Senate in terms of committees and the budgetary problem. When this motion has been dealt with, perhaps Senator Kelly will be able to give the Senate some idea of the budgetary implications of this particular project. Obviously we have a bulk vote for committees, and in fairness to the other committee chairmen and the work they have to do, it might be appropriate for us to have some idea of what expenses might be involved in connection with this suggested committee, in terms of the global budget.

QUESTION PERIOD

[*English*]

MEAT IMPORT ACT

TABLING OF REPORTS

Hon. John M. Godfrey: Honourable senators, I have a question for the Deputy Leader of the Government. The 1983 and 1984 reports of operations under the Meat Import Act were tabled in the House of Commons on January 21, 1986 and in the Senate on January 22, 1986. Section 7 of the act provides that:

> As soon as practicable after the 3lst day of December in each year, the Minister shall prepare and lay before Parliament a report of the operations under this Act for that year.

My question is: Would the Deputy Leader of the Government ask the minister responsible for this act why it was not practicable to table the 1983 report until more than two years afterwards and the 1984 report until more than one year afterwards, when section 7 was very explicit?

Hon. C. William Doody (Deputy Leader of the Government): It would seem to me that there was probably more than

one minister—indeed, more than one government—involved; but I will certainly undertake to try to get the information.

REPRESENTATION BILL, 1985

THIRD READING—DEBATE ADJOURNED

Hon. Nathan Nurgitz: moved the third reading of Bill C-74, to amend the Constitution Act, 1867 and the Electoral Boundaries Readjustment Act and to provide for certain matters in relation to the 1981 decennial census.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, if Senator Nurgitz is simply moving third reading but is not going to speak to it today, then I will move the adjournment of the debate and will speak to it tomorrow.

On motion of Senator Frith, debate adjourned.

INCOME TAX ACT AND RELATED STATUTES

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator MacDonald (*Halifax*), seconded by the Honourable Senator Robertson, for the second reading of the Bill C-84, intituled: "An Act to amend the Income Tax Act and related statutes and to amend the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Financial Administration Act and the Petroleum and Gas Revenue Tax Act".—(*Honourable Senator Godfrey*).

Hon. John M. Godfrey: Honourable senators, as honourable senators know, the Banking, Trade and Commerce Committee did a pre-study of this bill back in December. I should like to refer to the report that was issued by that committee. The first matter discussed by the committee was the capital gains exemption. As honourable senators know, there is a new capital gains exemption which will eventually amount to $500,000. I should like to quote from the committee's report which, in turn, quotes the Honourable Michael Wilson, in his budget speech of May 23, 1985. Mr. Wilson said:

> If we are to stimulate the creation of new business and the expansion of existing ones, we must increase our investment in productive activities. We are major savers, but too few of us are willing to invest a part of our savings in new ventures. It is through capital investment that new ideas get implemented, new activities are generated and new jobs are created.

Further on he says:

> I want to encourage risk-taking,

My objection to the proposals in the budget is the fact that they do not achieve the objective stated by Mr. Wilson. It would have been very easy, in my submission—perhaps not easy but possible—to have provided that this exemption did not apply to foreign investments and did not apply to such things as works of art, for example, even though purchased in Canada and which may be the work of a foreign artist.

So far as capital gains on U.S. real estate is concerned, the argument is that it is already taxed in the United States and by the time it gets up to Canada and one gets the credit for the tax paid in the United States, there is not much capital gains tax payable in Canada anyway.

So far as other assets in the United States are concerned, the department more or less said, "Well, it is just too complicated, and it is too easy to get around." The act has 100 pages devoted to capital gains, which is amazing. It is very simple. To begin with, there is an exemption up to the amount of $500,000 eventually, but 100 pages are taken up to plug possible loopholes and so on. It is my submission that the government should have applied itself, even if it took an additional five pages or so, to attempting to restrict the exemptions in order to achieve the purpose desired by Mr. Wilson as he claims in the speech that I just read. The committee said in its report at page 39:6:

> The Committee is not convinced that the reasons given for extending the exemption to dispositions of foreign assets are enough to justify giving the exemption such broad application. The Committee recommends this measure be given close scrutiny to determine whether investment in Canada will in any way be discouraged by allowing the exemption to apply to foreign assets. If so, the exemption should be limited accordingly.

My criticism of those comments is that they are rather mealy-mouthed.

● (1510)

I would like to refer to another article that appeared in the *Financial Post* of November 30, 1985. It reads:

> Finance Minister Michael Wilson's $500,000 capital gains exemption is meeting strong opposition from one group that has much to gain from it—the country's tax practitioners.
>
> They will earn hefty fees from the fancy tax planning the exemption will spawn. But even so, many of the 1,500 accountants and lawyers attending last week's Canadian Tax Foundation conference here criticized the proposal as ill-conceived and poorly designed.
>
> They now think it likely to spawn dozens of new tax avoidance schemes that could lead to pressure for big modifications to exemptions or some sort of substitute.
>
> Willam Lawlor, a national tax partner with Ernst & Whinney, sparked the debate—which spilled over into hallways and hospitality suites—by saying the exemption "will have a disastrous effect structurally on the tax system."

Later on in the article, it reads:

> In Quebec City, a team of federal finance officials listened intently as Ernst & Whinney's Lawlor itemized a long list of tax-saving schemes which could be spawned by

the exemption—and would in no way contribute to investment or job-creation.

Further on in the article, it reads:

Eventually, Lawlor predicts, the exemption will be abandoned as unworkable.

And still later, we read:

Donald Huggett, national tax partner, publications, with Coopers & Lybrand, sees the introduction of these self-cancelling measures as "an exercise in futility and stupidity."

Huggett suggests the government write off the experience as "a terrible mistake," and scrap or delay both the minimum tax and the capital gains exemption.

Incidentally that exemption will cost the government $550 million in 1985 and $700 million in 1986. I can recall that one of the members of the committee—I believe it was Senator Olson—pointed out that the measure would not affect him because he did not intend to sell any of his assets upon which he might be considered to have earned a capital gain. That comment points out the fact that the exemption may not be for the benefit of the living, but for their descendants. If you do not sell your assets in your lifetime, ordinarily there is a deemed realization upon death and the capital gains tax is paid at that time. However, because of this provision, there would not be any deemed realization of profits of up to $500,000 and thus the benefit would go primarily to heirs.

The next point that I would like to discuss is the surtax on income. The committee merely draws attention to the result. It points out that this measure, the surtax which applied partly in 1985 and then in 1986, is expected to bring in revenues of $235 million in 1985 and $500 million in 1986. In fact, it does not produce as much money as will be lost in 1986 through the capital gains exemption.

The next item is the de-indexing of tax brackets. As pointed out by the committee, the budget proposes to reduce the effective indexation commencing in 1986 by limiting it to any consumer price index increase in excess of 3 per cent. On the basis that we will have inflation of at least 3 per cent, there will be an automatic increase in taxes each year. In my opinion this is a rather sneaky way of increasing taxes. If the government wishes to increase taxes each year, it should do so directly in the budget and through a tax bill, not automatically in this fashion. We went into this matter in 1972 when indexing was first brought in. At that time everybody agreed that the most equitable and proper way of going about it, if the government needed more money, was to increase taxes.

The Child Tax Credit is also discussed in the report. I am in favour of the increases in the Child Tax Credit. To me they make sense because, in effect, they benefit the poor rather than the rich. Certainly, I approved of it at the time the Liberal government introduced it in 1978. Although it has increased substantially, it is not to be indexed after three years. Senator Tremblay pointed out in his speech and included tables to show that when the Child Tax Credit was brought in the Family Allowance was reduced from $308 per year to $240 per year, which is a more substantial reduction in the Family Allowance than is proposed in the Family Allowance bill, which merely provides for de-indexing.

The next item is the Child Tax Exemption. As far as I am concerned, this exemption should be abolished completely. It is a very regressive tax expenditure. The rich benefit from it far more than the poor. By 1989 the government intends to reduce it to an amount equal to the family allowance. What that means is that from then on the family allowance will be tax free. This, again, is a regressive measure because it means that the rich will pay no tax whereas the poor will pay tax. It should be abolished completely.

The small business investment measures are referred to on page 13 of the report. I would like to read several passages from the report dealing with small business investments by deferred income plans:

Draft amendments to the *Income Tax Act* and Income Tax Regulations were released on November 1, 1985 to encourage deferred income plans to invest in small and medium-sized businesses. The amendments will permit RRSPs and RRIFs to invest directly in qualifying small businesses and to allow all deferred income plans to channel such investments through certain partnerships and trusts. Pension funds will also be able to channel their small business investments through special exempt corporations. In addition, deferred income plans will be allowed to make $3.00 of additional investment in foreign property for every $1.00 of investment in qualifying small business. The maximum amount of additional foreign property that may be made available will be 20 per cent of the investor's total assets. To the extent that additional foreign investment is made, less money will be available for investment in Canada.

● (1520)

I should point out that at the present time, pension funds are allowed to invest 10 per cent. My reaction to that last comment in the report is that I do not think any reputable pension fund manager is about to invest in a small or medium-sized business because he will be able to invest more outside of the country. He will make his individual decisions based on the merits of that individual investment. When he makes that investment, all this bill is doing is committing him to take some more money out of the country.

I was skiing over the weekend and while going up on the tow I spoke with someone who manages a large pension fund and is in charge of U.S. investment. He told me that there had been absolutely no interest generated within the pension fund business by that provision in the act. He said that no one will make investments in a small or medium-sized business because they think they can then invest more outside of the country. He told me that most people would like to have the freedom to invest more than the 10 per cent. After he had told me that, I took the trouble to telephone the president of a company that manages a couple of billion dollars worth of investments in pension funds, and he confirmed what I had been told. Therefore, I think that it is ineffective. It is not something really to

worry about because I do not think anyone will pay too much attention to it.

However, what does worry me is something else in the report, and I will read again from it:

> It is also to be noted that such investments will result in deferred income plans acquiring assets of a non-liquid nature. This is a departure from policy expressed heretofore that such plans, and RRSPs in particular, should serve to provide individuals with funds to meet their needs in their retirement years.

For a large pension fund to buy non-liquid assets is not a great problem as long as it does not amount to too much, because they have many years and many other assets, so that it would only be a very small proportion of their total holdings. However, for someone who is relying on his Registered Retirement Savings Plan for his retirement income and must invest that money in an annuity before his 71st birthday, I think it is dreadful to permit these people to put the money into non-liquid assets. That is not what RRSPs were created for and that should not be permitted.

The report then goes on to say:

> The government will be aware of the necessity to monitor the consequences of this as it applies to the amount of money available for Canadian investment.

I point out, of course, that there may be less because for every dollar you invest in Canada, three dollars go out of the country:

> Notwithstanding the reservations expressed above, the Committee supports the attempt to encourage investment in small and medium-sized businesses.

I just want to say that I, personally, do not agree with that conclusion. Because of the reservations and because of what I have already said, I completely oppose this rather gimmicky way of trying to encourage investment in small and medium-size businesses which will not prove to be effective, in any event.

In that connection, I would like now to read from the *Globe and Mail* of Monday, December 23, 1985. This is an article by Dennis Slocum. In that article, he says:

> One of Canada's largest venture capital companies, Ventures West Technologies Inc. of Vancouver, has told Ottawa that the rules would kill the Canadian venture capital industry.

And here he is referring to the rules in the new Income Tax Act:

> Intelligent venture capital investing would become impossible because safeguards built into the legislation would prevent legitimate deals from being made, the company's submission says.
>
> In urging the Government to kill the proposed legislation, Ventures West also said the concept of linking small business investment with increased scope for foreign investment is unworkable. 'There is no feasible or effective way to tie the foreign property allowance and small business investing together . . . .'

[Senator Godfrey.]

Later on, in the same article, he said:

> Marc Vaillancourt, president of VCI Management Inc. of Montreal, a venture capital investment adviser, said Ottawa's proposals would probably reduce the flow of funds going to small businesses. The winners would be accountants and lawyers, he said.

I noticed in today's *Globe and Mail* a headline: "Money managers' opinions split over which markets will be best." The article says:

> Money managers are divided over whether to stick with Canadian equity markets in 1986 or go direct to U.S. and European markets for the action.

So it is not considered generally that it is a great advantage to be able to invest abroad. There is a difference of opinion on that.

The final point that I would like to comment on is the retroactivity provision in the bill, and that is referred to on page 16 of the report under the heading "Retrospective Legislation":

> The Bill proposes to implement certain changes in the Act as of midnight May 22, 1985, notwithstanding the fact that the Budget Speech was delivered at 4:30 p.m. E.D.T. May 23, 1985. It had become standard practice heretofore to introduce legislation effective midnight the day of delivery of the Budget Speech.

Later on, the report says:

> The Committee is strongly of the view that the retrospective provisions of Bill C-84, referred to above, constitute an extremely bad precedent. The Committee therefore recommends that the government give immediate consideration to proposing an amendment to this Bill to change the effective time of any amendment from midnight May 22, 1985 to 4:30 p.m. E.D.T. May 23, 1985.

Mr. Wilson, the Minister of Finance, having read the committee's report, wrote to Senator Murray, the Chairman of the Standing Senate Committee on Banking, Trade and Commerce on December 18, 1985, and I will quote very briefly from that letter. He said:

> I realize that the effective date chosen for these measures, and many other measures in my budget, differs in timing from previous budgets.

Later on, he said:

> While I recognize your point as valid in a pure policy sense, I believe that the temptation to ease past the afternoon deadline would be irresistible especially where, for example, only the execution of an otherwise unenforceable document is required.

Finally, he said:

> In view of the above, I believe that the approach taken in my budget and in Bill C-84 is a reasonable one. However, I understand your criticism and you may be assured that, in the future, whenever special measures like

this may be necessary, taxpayers will be warned in advance that budgetary measures may be effective on budget day.

In reply to that letter, Senator Murray wrote to the minister on January 17, 1986. I would like to quote, in part, from that letter. He said:

> You have suggested that some taxpayers may be tempted to treat transactions as having taken place prior to the 4:30 p.m. EDT deadline when, in fact, they were completed later. Our tax system presumes honesty on the taxpayer's part and this is reflected in the taxpayer's Bill of Rights, brought in by our government. There is always a possibility that taxpayers will try to cheat the system, but such people could just as easily cheat the system by backdating transactions to May 22, 1985. In any case, if the Department of National Revenue is of the view that the taxpayer has effected a transaction after the deadline, the burden of proof will be on the taxpayer's shoulders to show otherwise.
>
> You indicate in your letter that in future you will, when announcing the date of the Budget Address, state that budget measures may be effective on budget day. This policy seems to me to be fair and reasonable. Taxpayers would then be on notice that if they wish to avoid retroactive legislation, they would have to complete transactions before budget day.

Later on, Senator Murray also said:

> I share your concern that Bill C-84 be passed expeditiously. It was with this in mind that the Committee met on three occasions before Christmas to pre-study the Bill. Within a few days, the Commons will have passed the Bill and it will be presented formally to the Senate. I note from news reports that you will be bringing in a new budget next month. That being the case, and in order to expedite passage of Bill C-84, could you not undertake to act in your February budget to correct the retroactive provisions in Bill C-84 by making the measures in question effective 4:30 p.m. EDT May 23, 1985?
>
> This would protect the integrity of our system for amending tax legislation, and I feel the risk of taxpayers falsely maintaining that they completed transactions while the old rules were in effect seems worth the price.

I do not believe that Senator Murray has received a reply to that letter or the undertaking that he required. That is the last matter that was dealt with in the report.

● (1530)

Several groups were invited to appear before the committee last December. One of those groups said that they did not have enough time to prepare a submission; another group put in a written submission but said that they would like to discuss the legislation with the members of the committee. They have indicated a desire to appear before the committee, so I suggest that in order to hear from those witnesses the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Hon. Lowell Murray: Honourable senators, before Senator MacDonald rises to close the debate, I have a few things I should like to say in my capacity as chairman of the Standing Senate Committee on Banking, Trade and Commerce.

I can confirm what Senator Godfrey has just said, and against the possibility that the bill would be referred to the committee today, I have tentatively scheduled a meeting of the committee for 3.30 tomorrow afternoon. I have arranged to have present representatives of the Canadian Insolvency Association and the Canadian Bankers' Association. Their concerns are well known to the members of the committee and the Senate. As a matter of fact, when we conducted the pre-study of this bill prior to the Christmas recess, we had before the committee a brief from the Canadian Insolvency Association. Since that time we have received a brief from the Canadian Bankers' Association. In any event, they wish to have representatives appear before the committee, and we have arranged to hear from them tomorrow afternoon if the bill is referred to the committee today.

I may say that when the subject matter of the bill was referred to the committee on November 28, we did get in touch with a number of organizations which we thought might wish to make representations to the committee. Those organizations included the Canadian Manufacturers Association, the Canadian Bar Association, the Canadian Institute of Chartered Accountants, the Canadian Tax Foundation and the Canadian Chamber of Commerce, all of which declined to appear before the committee for one reason or another. Senator Godfrey alluded to the fact that one of those prospective witnesses, the Canadian Manufacturers Association, wrote to the committee stating that there was simply not enough time provided for them to prepare for such an appearance.

I must say that when we made the initial approaches we set no deadlines on any of those prospective witnesses; we simply asked them whether they wished to be heard. In the case of the Canadian Bar Association, they indicated that they would not be undertaking their legislative review until February and would not, therefore, be able to appear before that time.

In any case, I did want to defend the committee against any suggestion that we had moved too quickly with this legislation. The subject matter of the bill was referred to the committee on November 28; the committee met on December 4 to hear from the officials of the Department of Finance; the committee met again on December 12 to hear from lawyers in private practice who had indicated an interest in appearing; and, as I said, we had before the committee the brief from the Canadian Insolvency Association.

I should also say that the concerns expressed by Senator Godfrey today were, I think he would acknowledge, canvassed quite thoroughly in the committee. I need not, I think, go into detail on each of those concerns. There was the matter of the capital gains exemption and its application to investments abroad. The committee accepted the explanation that was given by officials as to the administrative difficulties of exempting investments in foreign countries from this measure. Senator Godfrey thinks that it would have been easy to

exclude them and, at the same time, to exclude such investments as works of art. Those who have to draft the legislation and administer it were not as sanguine as he is about that.

In any case, there was a policy reason which was stated by the minister during his budget speech, and that is that he wanted to let the investor choose where to invest; he did not want to further distort the tax system, as he said, by measures that tell Canadians where and how to invest. In any case, as the department pointed out in the celebrated scenario of Florida condominiums, and things like that, there is certainly no incentive here to realize a capital gain by the sale of such assets because the foreign tax would be applicable anyway, and there would not be much to be gained by using the provisions of this legislation in that way. The officials also pointed out that there was a problem in that Canadian individuals could form corporations to purchase assets outside of Canada and then subsequently dispose of the Canadian corporation instead of the foreign assets.

In any event, the committee reached a consensus on this matter, and the consensus was that the government and Parliament should monitor this provision to see how it affects Canadian investment. Senator Godfrey says that that consensus of the committee was a rather mealy-mouthed one. He does not share the consensus of the committee, but as I have had occasion to remind him once in the past, consensus does not cease to be a consensus simply because he is not part of it; consensus does not necessarily mean that the committee was unanimous on the point, and I acknowledge cheerfully that it was not, there being at least one dissenting voice, his.

Again, he does not agree with the provision that the government believes will encourage investment by pension funds in small businesses. The situation is that for many years pension funds have been able to invest up to 10 per cent of their total investments abroad. They have been seeking for many years to have that maximum 10 per cent lifted. The government, on the other hand, has been trying to encourage the tapping of these pension funds for investment in small businesses, and the government feels that by requiring pension funds to invest $1 in certain qualifying small businesses for every additional $3 that could be invested abroad there will be an incentive for those pension funds to invest in small businesses. Again, Senator Godfrey does not like that particular measure, but the committee reached a consensus that, notwithstanding his reservations, and the reservations expressed by others, this is worth trying on behalf of the small business sector of this country.

With regard to retroactivity, the situation is as Senator Godfrey described it; the only undertaking I have been able to obtain to date from the Minister of Finance is that in the future when he announces the date for the budget address he will put taxpayers on notice that some of the provisions may be retroactive to midnight of the budget day.

These are matters that I am sure will be canvassed somewhat further by the committee, but I wanted to take the occasion of the debate to say that the committee has canvassed the issues quite thoroughly in its pre-study.

[Senator Murray.]

• (1540)

I may also say that he quoted some criticisms from the various tax practitioners who were, in fact, heard before the House of Commons committee in December. The people from Coopers and Lybrand, one of whom Senator Godfrey quoted in his speech, appeared before the House of Commons committee on December 12. At that time, representatives of the Canadian Tax Foundation were in attendance.

Honourable senators, that is all I have to say on the bill for the moment except to observe that I thought Senator Godfrey broke some new ground in Liberal policy this afternoon by advocating the outright abolition of the Child Tax Exemption. I do not know what to say about that matter on behalf of the Conservative government.

Senator Frith: That you do not know what to say is a bigger first!

Senator Murray: I would assure Senator Godfrey and the Senate that, as father of a young family, that suggestion cuts me to the quick.

Hon. Finlay MacDonald (*Halifax*): Honourable senators—

The Hon. the Acting Speaker: I wish to inform honourable senators that if the Honourable Senator MacDonald speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator MacDonald (*Halifax*): Honourable senators, I have little to add to the remarks of Senator Murray, except to congratulate Senator Godfrey on his thoughtful remarks, some of which will meet with little disagreement from me.

I am aware of the active role he played in the pre-study of this bill and I gather that, since there is a disposition to refer the matter to committee, there will be a further opportunity to speak to it then or during the debate on third reading.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

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

On motion of Senator MacDonald (*Halifax*), bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Tremblay, seconded by the Honourable Senator Murray, for the second reading of the Bill C-70, intituled: "An Act to amend the Family Allowances Act, 1973".—(*Honourable Senator Graham*).

Hon. Arthur Tremblay: Honourable senators, with your permission, before Senator Graham speaks on Bill C-70, I

should like to clarify a few points concerning some of the figures I used in my presentation of the bill.

The Hon. the Acting Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Tremblay: As I said in my presentation last Wednesday, I was surprised by some of the figures I submitted to you concerning the proportion of families which would profit fully from the new régime of child benefits, so much so that I asked that the data be re-examined to make sure that no incorrect conclusions were drawn.

In this regard, additional survey information was considered, and it is fairly obvious that one of the figures I presented—I am referring to the 49 per cent—over-stated the case, although it is not exactly clear to what extent.

None of the data available can give a precise answer to the number of full beneficiaries. Tax file data gives an upward bias regarding the number of full beneficiaries; whereas, other statistics present a downward bias.

The best estimate, I am told, after having looked at a wide range of data, is that 30 per cent of families will profit fully from the proposed change in child benefits over the next four years. However, I am told that this estimate is a conservative one.

It also appears that another 30 per cent of families will benefit somewhat from the new system over the next four years. This is a medium-term view of the changes. The greatest positive impact of the changes occurs in the first year. It is for that year that the proportion of families benefiting fully could be as high as 56 per cent.

I must add that none of those figures, or any of the other figures I have read, should be considered to be the last word on this matter. They are all subject to error. I have attempted to present them in such a way that no misleading impression will be given, and it is for that reason that I have asked permission to make this statement.

In conclusion, I would add that it is clear, however, that the general conclusions I submitted for your consideration are still valid.

Honourable senators, I thank you very much for allowing me to make that clarification.

While I am on my feet, I should like to ask your further indulgence in order to answer a question raised by Senator Frith concerning the sources of the data contained in the four tables which were published in the *Debates of the Senate* of last Thursday.

The Hon. the Acting Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Tremblay: Honourable senators, I have a full page and a half of notes giving those sources or references. Again, if honourable senators agree, instead of imposing on you by reading those notes, I would suggest that I table them and ask that they be printed in the *Debates of the Senate*. Then Senator Frith can use them as he sees fit.

The Hon. the Acting Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*See Appendix "A", p. 1901*)

Hon. B. Alasdair Graham: Honourable senators, I want to begin by thanking Senator Tremblay for his new analysis and his clarification, as well as for the time he took to provide such an elaborate analysis of the situation so far as he saw it when he introduced the legislation last Wednesday. We certainly appreciate the sincerity of his remarks today.

As well, I want to commend Senator Robertson who spoke on this matter prior to the Christmas break when she advocated new approaches.

• (1550)

Honourable senators, with respect to the charts and tables which Senator Tremblay had attached to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of last Wednesday, I would also ask permission to have attached as an appendix to the proceedings of this day three tables, to which I will make reference later in my remarks.

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

Hon. Senators: Agreed.

(*See Appendix "B", p. 1902.*)

Senator Graham: Bill C-70 represents one of the most difficult pieces of social legislation to come before this chamber since my arrival here in 1972. On the one hand, we have a government which is presumably preoccupied with taking what it considers to be significant steps to deal with a mounting deficit, and, on the other, we have thousands of Canadians, speaking on behalf of millions of their fellow citizens, who cry "foul" and who accuse the government of bad faith and of broken promises. That the federal deficit must receive proper attention is not in debate, at least as far as I am concerned; the question is how and when will that be done?

The principal intent of Bill C-70 is to trim the cost-of-living increases in the family allowance cheques by amending the Family Allowances Act of 1973 as outlined by Senator Tremblay. The 1984 monthly payments were $29.95 per child, increasing to $31.27 in 1985. The increase of $1.32 per month over the 1984 payment was approximately 4.4 per cent, which was commensurate with the then current rate of inflation. That change took place under full indexation. However, as is proposed in the bill now under consideration, in this year and the years following, family allowances are to be partially indexed. The government will no longer adjust the level of family allowances to fully reflect changes in the cost of living. Real values will be subject to the vagaries of inflation. Partial indexation of family allowances turns out to be an instrument of redistribution, a cost cutting measure for deficit reduction, or both.

Many witnesses representing many concerned groups from across the country appeared before the House of Commons legislative committee on Bill C-70. We are told that there were close to 150,000 individual petitioners opposing the legislation and over 100 groups appearing on Parliament Hill. Not one single witness, with the exception of those appearing on behalf of the Department of National Health and Welfare, supported the proposed bill. On the contrary, witnesses have denounced the bill as being callous, insensitive, burdensome and unfair. In compelling and, at times, very emotional tones, spokespersons of groups from every region of Canada cited many ways in which this legislation will negatively affect families, especially those in the lower income levels.

Bill C-70 directly reduces the real income of recipient families by ignoring the full effect of price increases on families. As the bill stands, family allowances will be indexed by the CPI less three percentage points. This implies that if the CPI rises by 3 per cent in any year, the family allowances will not be increased and the real value of the family allowances in that year will be reduced by the level of the inflation. Furthermore, since family allowances are taxable, they are designed to provide their greatest benefits to poor families. These, however, are precisely the families hurt the most by partial indexation or de-indexation.

If I may, I will quote from Terrence Huntley, the Executive Director of the National Council on Social Development. When he appeared before the committee of the other place, he said:

> Because family allowances are taxable, the net reduction falls more heavily on low-income people than on those who are already paying half of it back in the form of income tax. And since families with children tend to be in the lower income ranges, the aggregate income of the proposed cuts is highest in the low-income categories . . . of the $228 million to be saved, roughly through the de-indexing by 1990, about $172 million or 75 per cent of the amount will come from families with below average incomes; 25 per cent in total comes from families with above average incomes.

According to the Ottawa *Citizen* of September 27, 1985, the Department of Finance estimates that inflation will be roughly 3 or 4 per cent a year during the next several years. Under this scenario, the same newspaper points out that the impact on the family allowances will be tantamount to a freeze in benefits.

Honourable senators, statistics show that poverty is much more severe among single parent families than among the elderly. This fact was expressed by Monique Simard of the Confederation des Syndicats Nationaux, or the CSN, in her presentation to the House of Commons legislative committee. She feared that, and I quote:

> The impact of Bill C-70 on single parent families will be more dramatic, because the poverty rate for these families is much higher than it is for two-parent families.

Given those statistics, it is fair to say that children of single parent families headed by women would be hurt the most by Bill C-70. The bill will only serve to continue the trend of increasing the percentage of children living in poor families.

According to the budget papers of May 23, 1985, the saving to the government by partially indexing the family allowances is approximately $15 million in fiscal year 1985-86 and $40 million in 1986-87. The manner in which these figures is regarded is, I suppose, open to conjecture. It may depend on how directly one may be affected or on how much empathy one might have towards those least able to defend themselves. There are those who contend that these savings are insignificant if applied to the $34 billion deficit, or if compared to the amounts earmarked for the benefit of multinationals, corporate take-overs, bank bail-outs or tax benefits for the rich. But regardless of your view, it is wrong, terribly wrong, to fight these battles on the backs of the poor and the disadvantaged.

A few people suggest that indexation of the family allowance has been an increasing financial burden to Canada. Such a suggestion is not accurate. Mr. Huntley, whom I quoted earlier, stated that as a result of the decreasing birth rate in Canada, the program costs have dipped from about 1 per cent of GNP in the late 1970s to about six-tenths of 1 per cent now, even with full indexing maintained. In her presentation to the committee, Patricia Gibson of the Vancouver Status of Women noted that, and I quote:

> Twenty years ago in the midst of what seems in retrospect an economic boom, the family allowance payments represented 6.1 per cent of total federal expenditures, and . . . this figure has dropped to 2.4 per cent.

Neither the size of the possible savings from partial indexation nor the size of the percentage of federal expenditure on family allowance is that overwhelming to justify partial indexation as a deficit cutting measure. Clearly, the government could have elected other options in this regard.

But if the government insists on cutting the deficit, what are the alternatives? As just one example, let me compare the aggregate effect of the proposed changes in the child benefit package to the changes in the capital gains exemption. By as early as 1990-91, the Department of Finance has estimated that the new package of child benefits will yield net savings of more than $500 million. By startling contrast, the Department of Finance has also estimated that by 1990-91, the Government of Canada will be losing $1.25 billion per year to the proposal to exempt the first $500,000 of capital gains from taxation. This comparison, I suggest, indicates a gross inconsistency in the government's alleged commitment to do more for those most in need.

• (1600)

Joan Ann Gordon of the Quebec Voice of Women suggested other options, as follows:

> The government gives away $80 million for high-income persons investing in RRSPs, $1 billion to big oil companies, plus $900 million for the richest depositors in the banks that went bankrupt. Then the government has the gall to ask women to make sacrifices in the name of fiscal responsibility. Balance those expenditures against the

> cruel reality of welfare mothers starving themselves to feed their children, and you have our definition of obscenity.

Honourable senators, many of the groups appearing before the committee were angry, and they were disappointed that the government had broken its promises to them. The government would have the public believe that revising the social programs was necessary to redirect any money saved to the neediest. For example, in the Speech from the Throne, opening the First Session of the Thirty-Third Parliament, on November 5, 1984, the government made the following statement:

> My government has high priority measures to support and strengthen the Canadian family, which is the cornerstone of our society.

The Honourable Jake Epp, Minister of National Health and Welfare, made a similar statement in the House of Commons on November 15, 1984. He said:

> It is my role as Minister of National Health and Welfare to put forward signals and initiatives which will strengthen the role of the family and give it more prominence in society than I feel it has been given before.

Those statements, honourable senators, and the intent of Bill C-70 are clearly in contradiction. Bill C-70 not only reduces the value of the family allowance by restricting its indexation, but all of the proposed government measures underscore the selective nature of the benefits by increasing the tax credit from 1987 and by lowering the tax credit cut-off point, thereby making a large number of middle-income families ineligible.

There are those who will argue that the increases that might be gained in the total child benefit package as a result of increases in the Child Tax Credit, will be offset by the partial de-indexing of the family allowance. This analysis is supported by a number of groups, including the government-financed National Council of Welfare, which group is concerned with the gradual erosion of child benefits as a result of the budget.

In a report released last summer, the National Council of Welfare pointed out that after 1990 even the poorest families stand to lose child benefits, and in future, fewer and fewer families will be eligible for Child Tax Credit.

The Child Tax Credit, of course, is a significant component of the child benefit package, and people have asked, "What is the difference between family allowance and Child Tax Credit?" The difference is significant and it is well worth noting, as reflected by the views of Ms. Adams, Co-ordinator of the Alternatives for Single Parent Women. She said:

> Family Allowances are delivered on a monthly basis. Many families depend on and budget for that monthly cheque. Though it is small, it is the difference between undernourishment and nourishment.

We have heard much discussion of how the two programs—the family allowance and the Child Tax Credit—will complement each other and thereby eliminate the inequities created by the de-indexation of family allowance. This argument does not take into account the timing of the respective decreases in the family allowance and the increases in the Child Tax Credit. For example, the minister chose to decrease the family allowance in January 1986, even before the House of Commons had a chance to vote on Bill C-70.

Senator Frith: Shame!

Senator Graham: Even before it was sent to this chamber—

Senator Frith: Shame!

Senator Graham: —the cheques for January 1986 went out in the new amount. Undoubtedly—and it will be interesting to find out—the cheques for February have already been printed in the new amount—another example of this chamber's being ignored.

We have heard from those speaking in favour of the bill that the Child Tax Credit is being increased by $70. But what none of those people has made clear is that this increase will not be received until April 1987—some 14 months from now. Quite simply, a family will lose the benefit of indexation for 14 months, while awaiting the compensating increase. I might add that all families, regardless of income, will experience that loss.

The effects for 1986, for a family of two adults and two children, can be seen in Table 1—and I apologize for its being available to honourable senators only in English at the present time. The table clearly indicates that by tampering with the family allowance and the Child Tax Credit systems, families with incomes of less than $10,000 stand to lose $17 in 1986 alone. That group, as indicated earlier, is the group to experience the greatest loss in benefits.

A second argument has been made that the changes in the family allowance, the Child Tax Credit and the Child Tax Exemption will result in a fairer distribution of benefits. Table 2, which honourable senators have, indicates that after four years the cumulative benefit for families with incomes of less than $10,000 is $38—that is the cumulative benefit over four years—or $9.50 per child. All other groups are net losers.

The disturbing aspect of this is that the latest poverty line figures indicate that a family of four with an income of between $19,000 and $20,000 per year is living in poverty. Under the new proposal, the government plans to withhold money from families living below the poverty line.

One of the readily accepted myths in our society is that with universality indexed programs benefit the rich more than the poor. Once again I suggest that this is simply not the case. Table 3 indicates that of the $49.5 million which will be saved through de-indexation of the family allowance in fiscal 1986, approximately 54 per cent will be saved at the expense of families with incomes of less than $30,000 per year. Even more distressing is the fact that 34 per cent of the savings will be at the expense of families living below the poverty line.

In the 1987 tax year, when the Child Tax Exemption will be lowered, the poorest families will once again be hardest hit. That will occur because the reduction in the exemption will be applied to all incomes. This means that in 1987 the poor families' exemptions will be reduced by exactly the same amount as those of the rich families.

Honourable senators, according to Claire Bonenfant of the Federation des Femmes du Quebec and spokesperson for the Coalition for Family Allowances, the de-indexation of family allowance, added to the reduction of exemptions for the Child Tax Credit, will result in the withdrawal of $175 million from Canadian families in 1986, and almost $2 billion between now and 1989—and those figures, she reiterates, do not take account of the other tax increases announced by the present government in its most recent budget.

I believe also that it is important to note that there is a psychological component of the family allowance program that has received little attention. To this government, obviously and sadly, family allowance is just a matter of dollars and cents; but to the vast majority of the women who receive the monthly cheque, it means more than that. It means pride in their role as mothers; it means self-worth and a recognition of motherhood by society.

I want to quote, for example, Ms. Adams of the Alternatives for Single Parent Women, who stated:

> Family Allowance is the sole consistent economic recognition of the contribution of all mothers in society. It avoids the social stigma involved in receiving benefits based on one's position.

● (1610)

Let me quote a personal account of the psychological effect of the family allowance on mothers as given by Ms. K. Marshall of the National Action Committee of the Status of Women. This might help to illustrate how deeply mothers feel about the family allowance. She said:

> The Family Allowance cheque was extremely important to me because it was the one sum of money I could spend on the children at my discretion, and even more so it was the one cheque coming into the house that was in my name. It gave me a feeling of worth and that what I was doing was important.

I have another quotation. Another aspect of the family allowance program worth noting is indicated by Ms. Dawne Peterson, who is the Southern Vice President of the Saskatchewan Action Committee of the Status of Women, who said:

> —it was implemented as a statement about what we as a society value. It was not a means only to help the poor; it was not welfare and it was not charity; and we should not reduce it to that. The Family Allowance says that we as a people value our children, and acknowledge and support those who care for them. As soon as we remove that concept of universality, we say to most families that they are on their own and to the remainder, that we are just giving out another form of welfare.

Honourable senators, the universality issue is as important as the psychological and monetary values of the whole child benefit package. Many of the witnesses who came before the committee considered the intent of Bill C-70 to be clearly opposed to a statement made by the Minister of National Health and Welfare, the Honourable Jake Epp, in his discussion paper, published in January 1985, regarding universality. He said:

> The principle of universality is fundamental to our social security net. Its integrity must and will not be called into question.

And yet, many of the arguments presented point to the contrary. To some women's groups there is a fear, real or apparent, that in due course the universality of family allowance may be abolished. For example, the Confederation des Syndicats Nationaux fears that:

> —even if a so-called universal program is not actually eliminated, its scope may be so much diminished that it becomes a mere hollow shell to all intents and purposes.

The real future value of child benefits is now unknown, since the level of benefits depends on the rate of inflation. With full indexation, families at least have information on the expected value and, hence, the purchasing power of the payments, which is a condition necessary for good management of their allowances. It is important to point out that if the family allowance is frozen at the current level indefinitely, more low-income Canadians will fall below the poverty line as they see their real incomes fall year after year. The plight of those families presently under the poverty line will be exacerbated.

Honourable senators, I am the first to recognize that the burdens of governing are awesome. The responsibility to bring expenditures in line with revenues is challenging and very tough. The checks and balances rest with the highest parliamentary authority in the land. However, those who aspire to that challenge and those who seek to have responsibility, once having received and accepted the mandate, have no greater responsibility than to try by every reasonable means to assist and protect those who are most in need. As I suggested earlier, people are beginning to ask, after an unhappy experience with respect to Bill C-26—the bill to de-index the Old Age Security payments—whether Bill C-70 is not another edge to the wedge.

In a land as big, as rich and as powerful as Canada, a land which prides itself on the best social programs in the world, I have to ask: Are we sending out new signals to Canadians that we really want smaller families? When considering this bill the Standing Senate Committee on Social Affairs, Science and Technology was told by representatives of Family Service Canada that the choice of raising children in today's society is one which is made with a great deal of deliberation. In that same testimony, Trevor Williams, Executive Director, Family Service Canada, told of a discussion that day on the way to the Senate committee hearing with a woman taxi driver who suggested that if witnesses from Family Service Canada wanted to demonstrate to the Senate just how significant the problem was, senators should be taken down to the low income housing projects on the nineteenth of each month to see how many mothers are standing in lobbies waiting for their family allowance cheques. They wait in the lobbies because they desperately need the money. Those moneys are spent buying essential things for children.

Honourable senators, I have talked to many social workers and mothers around the country who suggest that many people may not think that the difference of 3 per cent is very much, but to the 712,000 families caring for one million children who are living at or below the poverty line, it means so much it is hard to imagine—nourishment, warmth, basic necessities. We need constant reminders that those of us in the comfortable pew have a responsibility to those less fortunate. We cannot afford to push poor people and their children further into ghettos. We must learn to share in greater measure and we must learn that real sharing goes beyond sharing something that we or others do not need.

The sacred word in this modern society is efficiency, and no matter what values we hold dear, they are too often sacrificed in the interests of a nation's gross national product or whatever yardstick is used to measure our relative prosperity. It is not so much a problem of efficiency and production as it is a problem of distribution. It is not a problem of the creation of the wealth, but a problem of the large minority of the poor.

As I said earlier, many people feel strongly that Bill C-70 is another edge of the wedge, another blow against those safety nets which were assembled in this country over a period of 50 years, safety nets that were assembled even at times when the leadership of our country cried for sacrifices to save freedom, with the promise that the new age and new system would help save us from a return to the hungry thirties and all that that meant.

I respect both Senator Tremblay and Senator Robertson for expressing a different view as to how best to proceed in this very critical matter. They support the government position. They are trying to achieve admirable objectives with a different approach. I agree with Senator Robertson that the time is long overdue for new approaches, but I do not see Bill C-70 as a proper step in that direction.

Hon. David A. Croll: Honourable senators, this is my first opportunity to say a word of thanks to Senator Finlay MacDonald for the kind and gentle words he said about me in this chamber. As I rise to speak about this bill, I have a deep concern. I shall not go into any figures. There have been enough and it will take honourable senators a long time to digest them. Actually, they are rather impressive. The last thing Senator Graham said was the point with which I intended to finish my speech. We need a new beginning.

This debate is about universality. It involves the future of the social security net. I feel completely involved because we as a Liberal Party built that net.

• (1620)

In consequence, I oppose this bill, because the great Canadian dream does not provide for gift bags. As a boy, I remember I was rather impressed with a man named Samuel Gompers. The name may not register with you, but he was a great labour leader who organized the women and the immigrant workers in New York at the time. He was an honest man and a good man, but a hard man to bargain with, and I remember someone who had bargained with him for a long time telling me that they said to Mr. Gompers: "Sam, tell us, what do you want?" Mr. Gompers replied: "Sure, I want more and more, period." That was the way he carried on during the time that he was in charge, and he got more and more.

I protest whenever there is even the slightest attack made upon the social service network in this country, because it is essential to our social security for the future, as I will indicate as I go along. Even those who are in the lower income brackets who will have their loss made up by Child Tax Credit gains are affected. It is the beginning of the end for the baby bonus as a significant social instrument. The baby bonus was "mother's money" and those of you who would support this bill would do well to remember that there are a great many mothers in this country who will remember that they were deprived of that money. Month by month and year by year, its relative value and importance will fade.

For most of my adult life, I have done my best to advance the welfare and betterment of ordinary citizens. To be fair, I would say that our system is enlightened and non-discriminatory, but it could certainly be better. I am the first to admit that our system is far from perfect. We have worked to make it better, and we have succeeded. In my humble opinion, it is very good indeed. In the five years since the present system was established, I have risen two or three times to say that we need to change the system; that it is not working; that there are too many cracks in it and too much overlapping. It was hard for me to condemn it entirely. But I resist the effort to do away with the baby bonus. In fact, I will vote against it.

The security system that we have today in this country is not a sacred cow that must never be touched under any circumstances. But when we attempt to diminish it, either in substance or in principle, we must be careful to do it without doing damage to the whole structure as we see it.

Let me put forward a view that I am sure you have not heard around here for quite some time. I would like to discuss the system from three points of view: The system from 1900 to 1930; the system from 1930 to date, and what the future has in store. In those early days, we gave relief in accordance with the Poor Laws of Britain. By the standards of the day we were poor, but we were rich in values and home life. Many people were born poor; they lived poor and they died poor, but life was tranquil. We were proud of our community. My view of the first 30 years of this century is not comprehensive because I came along after that. The burden of relief was carried at that time by the churches. They continued giving relief and looking after the poor, as becomes good people, until almost 1930. At that time, like the rest of us, they ran out of money and they could not do much more. However, at that time they were joined by a voluntary group, 70 per cent of whom were women. This group has been the strongest link in our culture today. That tradition has become stronger and stronger throughout the years and has improved with the new immigrants who have come to this country.

It is a fact that at one stage we eliminated poverty. However, quite properly, we changed the definition of "poverty" as the GNP rose. We have given people financial security within

our means but a revolution in expectations has forced us to aim much higher. At one time, I knew poverty when I saw it. The poor had shabby clothes; their shoes were worn out; they looked hungry and they hardly had a place to sleep. That kind of poverty does not exist today. Today we call it destitution, and I might say that there is not too much of that in this country.

Poverty today, therefore, is relative poverty. Today we compare the standards of the poor with the standards normally enjoyed within the general community. We call it poverty but, in actual fact, it is as high as the lower living standards in all countries except the United States and Sweden. We expect our people to have a pretty decent kind of living standard.

There will always be people who are poor relative to the average Canadian, and there will always be people who will advocate that they ought to enjoy a better standard of living. When the depression came, I was mayor of a municipality and, at that time, all mayors had a small fund for what they called "relief". Most of the time, if you got into difficulty you found a job for a man and, if you could not do that, you found a job for his son or for his daughter. In any event, there was always something one could do and there was help from almost every direction. I would remind honourable senators that we introduced the welfare system as an emergency measure. It was an emergency measure then; it is an emergency measure today and it is the best fireman we have. It is a revolving door; they go in and out. They may be on welfare for three months, off for six months, and back on it for four months. It has served us very well.

● (1630)

Under the Canada Assistance Plan, the costs were divided between the provinces and the Dominion. It seemed to be working very well, then suddenly this government changed the rules and decided to give a total grant. I said in this house that we should not accept that, but the provinces were anxious to get the money because they were using part of that money for purposes other than welfare. The result was that they were unable to increase the welfare allowances when they should have been increased.

We have 20 pieces of social legislation operating in Canada at the present time. Some of them are overlapping; some of them are contradictory; a great number of them should be eliminated. But they, within them, contain the material from which a social security system can be better built for tomorrow. We must remember this; our welfare system did not just happen, we built it from the beginning. We did not inherit one bit of it. The building was from two levels, the provincial and federal levels, and sometimes they overlapped, but in any event, the system that we were building was like Topsy, it just happened. It was pragmatic; we met this need, we met that need. They may have been related needs, they may not have been related needs, but over the years we built up a system that is serving this country well. All in all, it is as good a system as there is in the world today. Our Medicare certainly stands out as a diamond.

[Senator Croll.]

Well, how did we get to universality? We began with the Old Age Pension in 1927. The government passed it and it was subject to a means test, which we immediately said was a "mean" test, which it was. It was not given to just anyone over a certain age. It was not like education for children, police protection and postal services.

We were pretty cheap in increasing it. It was at $20 a month in 1927, and it was 100 per cent federal then. Then, in 1931, it was split—50 per cent federal and 50 per cent paid by the provinces. In 1943 it was $25. In 1944 it was again set at $25; in 1947 it was set at $30, and in 1949 it was set at $50. We were having a difficult time. The demand was fairly heavy because the old in this country were fairly poor.

The government finally decided that it had to do something and universality became a national issue. The government appointed a joint committee of Parliament which commenced sitting in March and finished in June. There were 52 sessions, 38 of which were open, 14 of which were closed. There were all sorts of opinions; there was no unanimity. The Department of Finance was against it and sent along a couple of witnesses. I will not tell you their names because there are still people around who will remember them.

But soon we began drifting, debating and scrapping among ourselves and we could not get anywhere. It was then decided to form a special committee consisting of Donald Fleming for the Conservatives, Stanley Knowles for the CCF and myself for the Liberals. We were asked to reach a conclusion. We argued, we pleaded amongst ourselves, we went on day and night, but we just could not reach a unanimous conclusion.

I was then told to approach Stanley Knowles to see if he would go along with a suggestion. The chairman of the committee, Jean Lesage, told us that the government would not impose universality by a vote, by numbers alone, that it had to have some allies.

After a discussion I made an offer and it was discussed. Stanley Knowles and I came up with an agreement. It was $5 we were to increase it by at that time. We brought that suggestion to the committee and each and every member of that committee was asked in alphabetical order to accept it, and it passed unanimously. That was an important matter because this embraced the notion of collective responsibility for the disadvantaged. We took a class of people and decided that they would be a special responsibility, and we followed that up with Medicare and family allowances. They are all in the same class.

But I cannot tell you how important this was to the rest of our system. I omitted to mention, honourable senators, that after the legislation was in place it was reported that thousands of older Canadians right across the country would not accept the money. It was finally suggested that the Prime Minister and his wife should accept this additional amount of money, and that was the end of the problem. Most of these people looked upon this as charity and would not accept it. When I lived in Toronto, I can remember an incident where my mother signed an application, but my father refused to do

so. He said: "I have four boys in the family. I have educated you and you are all doing well. I am not going to let you put me on charity. Charity I give, but I do not accept." That was the spirit of the people.

● (1640)

I agree that unrevised public policy is likely to grow weak with age, unable to attack problems necessarily unforeseen when those policies were new and young. Progressive reform is essential under a stable democracy. We have accomplished much, but that was yesterday's work; there are still many disadvantaged in this country.

We never promised a millenium in one generation, but we promised we would continue to fight until we got what we thought was social justice.

Universality has had an effect on family allowances. It has had the effect of bringing people closer to the government. For some, this was the first cheque they had ever received from the government and they received it on time. Everyone was treated equally. The lady upstairs and the lady downstairs received the same cheque. The chauffeur and the bank president received the same cheque. This was a new concept which was very well accepted. The last attack made by this government on universality late last year is one that they wish they had never made.

What do I have in mind when I speak of tomorrow? Where are we going with our system? All of our provinces now have some programs in place. However, we are now facing the twenty-first century and we must be prepared to change. We have only one course to follow, and that is to introduce the guaranteed income. Some of you were here 15 years ago when we introduced our famous report on poverty in which we recommended the guaranteed income. That was the first time that concept was considered.

Donald Macdonald, who conducted one of the better studies that have been undertaken, made certain recommendations.

I am sure all of you in this chamber have heard about the Fraser Institute. It is considered to be a conservative institute. I do not know whether it is Conservative politically or not, but it certainly is in its economic views. When I attended the annual meeting of that institute, I had the privilege of sitting rather close to the table. When the chairman read the report and put the question, "All in favour?" he happened to hear me say that I was against the adoption. He then announced to the meeting that everyone was in favour of it except Senator Croll. In that institute's October issue, it recommends the guaranteed annual income and suggests it is the only possible way to deal with the problems of tomorrow. The think tanks around here have been recommending the guaranteed income except that they have called it "negative income tax." It sounds better at the boardroom table if it is referred to as "negative income tax" rather than as "guaranteed income."

When we first formulated these policies, we did not have any precedents upon which to base our decisions. However, now we must stop, think and consider what will be the ultimate solution to this problem. If it is decided that the guaranteed annual income offers a tremendous opportunity, we do not have to make it available to everyone on Monday morning. We now have experience behind us. The Senate undertook a study of old age pensions and brought in a report recommending that the age be reduced from 70 to 65, year by year. To the credit of the Leader of the Opposition who was the then minister, he accepted that recommendation and made it possible.

Perhaps we should implement the guaranteed annual income by stages with the elderly being the first in line. There are over 400,000 elderly women in this country who need some form of assistance. They are in real poverty. There are fewer men who find themselves in the same circumstances. Of course, there are those who are always in trouble.

Mr. Macdonald, in his report, had this important comment to make. He said:

> We have some very screwed up welfare systems. We do some awful things to people.
>
> For example, if a person who is head of a family of four chooses to work full time at minimum wage, he's considerably worse off than if he faked an injury and stayed on social assistance.

● (1650)

> Then there's the single mother on mother's allowance who gets a job, even part-time, and then loses a dollar of her assistance for every dollar she earns.
>
> There's a real penalty for people who make themselves work.

I believe that the guaranteed annual income is at the stage of being a closely held doctrine but is not yet, perhaps, a sacred trust.

Honourable senators, something else happened which bothered me a great deal. I thought that we went through a shameful performance when paying out money recently to the depositors of two Canadian regional banks. One depositor had $1 million in one bank and $1 million in another bank. Do honourable senators know how those million dollar deposits come about? No? You never had a million dollars? Well, I have not, either, but I know how it works. The man who has a million dollars calls a broker and says, "Joe, I've got a million dollars. Can you get me three points?" I do not have to tell honourable senators about points; you get them on the football game, that is how you get points. At any rate, Joe says, "I'll see." He calls back and says, "Yes, I can get you three points." The man with the million dollars asks, "Are they good?" The broker says, "A Canadian bank—could you do any better?" Then he deposits the million dollars. That man is a gambler, yet we voted to tax families which earn $14,900 in order to pay him out. That was a shocking performance and I was ashamed of myself.

This government gives out $11 billion in aid to business—billion, not million—$50 million goes to American Motors, $22 million goes to General Motors—poor old General Motors—and $20 million goes to Mitel, to name just a few. I should have thought that the government would be able to shave off a percentage point here or there without having to

pay off the deficit with the money we are taking from these children.

Honourable senators, I have been following humanitarian affairs for 55 years municipally, provincially and federally, and I have been disappointed. When I was bounced into the Senate, I took advantage of the opportunity that is presented here. At this stage of my life, where my life expectation is five minutes or five seconds or whatever the good Lord gives me, I am convinced that we must continue to try to improve the lot of the unfortunate. What other imperative can mean so much to the nation's future? Honourable senators, a Liberal Party established our social security system after bitter resistance. It appears that the Liberal Party must return to its first principle in order to revitalize and improve the system to cope with changes in it. I repeat that I object to this bill because I dream of a better world for the disadvantaged. I am confidently hopeful that, in time, that will come about.

Hon. Senators: Hear, hear!

On motion of Senator Bonnell, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

[*Translation*]

APPENDIX "A"

(*See p. 1893*)

FAMILY ALLOWANCES

SOURCES OF TABLES APPEARING AT PAGE 1879

Table 1

Generally speaking, the data in this table come from the legislation itself or from the budget papers.

Table 2

The data concerning the consumer price index come from Statistics Canada which publishes them on a regular basis.

The rates of family allowances according to the 1973 Act which appear in column (3) are the results of my own calculations where I applied the indices in column (2).

The actual rates in column (4) were provided by the research service of the Department of National Health and Welfare.

As to columns (5) and (6), they are also the result of my own calculations and of the application of the rule provided in Bill C-70.

Table 3

The data in Table 3 are projections resulting from the application of the full indexation rule, or from the moderate indexation rule, or from information contained in the budget papers tabled by the Minister of Finance. The comparisons between the old and new systems are based on a projected 4 per cent increase in the consumer price index every time the index had to be used.

Table 4

This table uses data already appearing in Table 3; it only includes family allowances and the tax credit, but in column (3) and column (6) it adds the difference between the old and the new systems, which gives column (7) where we find the net gain resulting from "losses" and "gains" under the new system for the two types of child benefits considered.

APPENDIX "B"

(*See p. 1893*)

FAMILY ALLOWANCES

TABLE 1

Net Annual Child Benefits[1] for One-earner Families with Two Children under Age 18 Residing in Ontario for 1986

	Family Allowance		Child Tax Credit		
Family Earnings	Proposed	Indexed[2]	Proposed	Indexed[3]	Net Gain (Loss)
0	757	780	768	762	(17)
10,000	757	780	768	762	(17)
20,000	591	608	768	762	(11)
30,000	553	569	584	579	(10)
40,000	531	546	84	79	(10)
50,000	467	481	—	—	(14)
60,000	467	481	—	—	(14)

(1) Excludes Child Tax Exemption as it remains unchanged in 1986.

(2) and (3) Calculated on the rate of inflation of 4% as at October 31, 1985.

Note to the Table

In 1986 all families regardless of income will lose benefits. Because Child Tax Credit benefits are *not* received until April of the following tax year no benefits will accrue to families in 1986 under the proposed changes. For example in April 1986 those families eligible for the full refund from the Child Tax Credit will receive a proposed $384 per child.

TABLE 2

Net Annual Child Benefits[1] for One-earner Families with Two Children under Age 18 Residing in Ontario at Selected Income Levels, 1985 to 1989

Family Earnings	Existing 1985	Proposed 1986	1987	1988	1989	Unchanged 1989	Net Gain or (Loss)
0	1484	1524	1670	1740	1812	1736	76
10,000	1484	1561	1681	1745	1812	1736	76
20,000	1673	1711	1771	1790	1812	1925	(113)
30,000	1621	1661	1564	1584	1597	1841	(244)
40,000	1177	1217	1104	1114	1117	1312	(195)
50,000	1048	1051	921	841	764	1175	(411)
60,000	1048	1051	921	841	764	1175	(411)

(1) Includes family allowances, child tax credit and child tax exemption. The credit appears in the year in which it is received.

(2) Assumes a rate of 4% indexation per year which is applied to the family allowance and the child tax credit. Does not adjust for reduced child tax exemption which will begin in the 1987 taxation year and will effect incomes in excess of $10,000 by reducing the amount of the combined benefit.

Note to the Table

With the exception of the families with incomes below $10,000 per year all families will be net losers as a result of the proposed changes. Although the changes were designed to benefit families with lower incomes the only beneficiary group (those with incomes of less than $10,000) will realize only a four year accumulated increase of $76 (or $19 per year). This is $9.50 per child per year.

TABLE 3

Estimated Reduction in Spending for Fiscal Year 1986 with Family Allowance De-Indexation(1) (by family income category)

Family Income	Reduction in Spending	Percent of Total Reduction
Under $10,000	$ – 6.9 M	14%
$10,000 – 20,000	– 9.8	20
$20,000 – 30,000	– 10.9	22
$30,000 – 40,000	– 10.0	20
$40,000 – 50,000	– 6.0	12
$50,000 – 60,000	– 3.0	6
$60,000 – 70,000	– 1.3	3
$70,000 – 80,000	– 0.7	1
Over $80,000	– 0.9	2
Total Reduction	$ – 49.5 M	100%

Average Family Income (1984) $35,853

(1) Estimates reproduced from the Canadian Council on Social Development.

Note to the Table

A common misperception about universal application of social programs is that well off families are the major beneficiaries of these programs. The Table clearly indicates that only a small portion of the savings to be realized by the de-indexation of Family Allowance will be recovered from those families with high incomes. Almost 66% of the savings will be realized at the expenses of families with incomes of less than $35,000 per year.

THE SENATE

Wednesday, January 29, 1986

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

Prayers.

[*Translation*]

RULES OF THE SENATE

NOTICE OF MOTION TO AMEND RULE 67(1)

Hon. Gildas L. Molgat: Honourable senators, I give notice that on Tuesday next, February 4, 1986, I will move:

That Rule 67(1) of the *Rules of the Senate* be amended by striking out paragraph (*n*) and substituting the following:

"(*n*) The Senate Committee on Agriculture and Forestry, composed of twelve members, four of whom shall constitute a quorum, to which shall be referred, on order of the Senate, bills, messages, petitions, inquiries, papers and other matters relating to agriculture and forestry generally, and the Canadian Wheat Board."; and

That the following new paragraph be added immediately after paragraph (*n*):

"(*n*.1) The Senate Committee on Fisheries, composed of twelve members, four of whom shall constitute a quorum, to which shall be referred, on order of the Senate, bills, messages, petitions, inquiries, papers and other matters relating to fisheries generally.".

QUESTION PERIOD

[*English*]

ENERGY

OIL PRICING—GOVERNMENT POLICY—REQUEST FOR ANSWERS

Hon. H. A. Olson: Honourable senators, does the Deputy Leader of the Government have replies to the questions I asked a few days ago respecting the problems that will arise out of the severe decline in international oil prices? When I asked these questions of the Honourable Senator Roblin, he indicated that the government was monitoring the situation with a "watching brief," that some consideration would be given to the matter by the government, and that an announcement would be made as to what the government intended to do to protect Canada's interests, particularly as they concern a number of projects that would be significantly affected in this situation.

I hope the deputy leader can give us some answers today because we are told that the liquefied natural gas project on the northern coast of British Columbia to supply liquefied natural gas to some Asian markets, particularly Japan, for the next 20 years has now died. In the first instance, this project which was to have a capital cost of some $2.3 billion followed, of course, with several hundred millions of dollars of gas sales every year, now appears to be in jeopardy. I wonder if the deputy leader might give us some indication of what action the government intends to take to save this and a number of other projects such as Syncrude expansion and other enhanced oil projects in western Canada.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I am sure that Senator Olson's questions have been brought to the attention of the government by Senator Roblin, and I will try to chase down answers for him.

The concern of government is obviously a great one, but there is nothing unusual about the fact that some of these projects may be delayed. I remember when the honourable gentleman who is asking the questions was responsible for the mega-projects in Canada, and came into this chamber with an absolutely inspirational list of programs that were to take place almost immediately. I remember listening with great enthusiasm to news of the Lower Churchill development, which was to be Newfoundland's part of the program. Oil prices, certainly at that time, may or may not have affected the Lower Churchill development, I do not know, but in any event the project was never developed. The same applies to the liquid natural gas operation in British Columbia. The honourable gentleman suggests that that has now died. It would seem to me that, in fact, it has been moving along very slowly and, if not dying, is at the moment in an advanced state of illness and has been that way for some time. I think it was in 1980 that that project first raised its head in this place, and presumably also in the corporate world. However, there never appeared to be any great progress towards the implementation of that program, desirable though it certainly is. It seems to me that the latest information I had was that the Japanese, who are the potential customers for that gas, were looking for a price on the gas that would be tied to the world oil price, giving them the best of both worlds, and I can well understand the reluctance of private industry to enter into such an agreement.

In any event, I would be only too happy to attempt to chase down a more concrete answer for the honourable gentleman, and I will do it as quickly as I can.

Senator Olson: I have a supplementary question. I would like to compliment the Deputy Leader of the Government on his ability to drag red herrings across the route as we talk about this matter. The people out there would like to know what the government intends to do, if anything. If the govern-

ment does not intend to do anything except, as Senator Roblin has said, watch the situation, then at least they should say that. However, I was told that the government was looking seriously at the situation and contemplating some action in the interests of the economy of western Canada. If that is not so, perhaps the Leader of the Government in the Senate would say so; if not, could we get some answers? I would remind the deputy leader that we do not need answers three or six months later. The action that is taking place is occurring now, and there are very important projects that are in jeopardy as a result of inaction by this government. I hope that the acting leader would like to give us an indication that he intends to give some replies.

Senator Doody: I think that the honourable gentleman knows as well as I do that the government is certainly interested in these programs and projects and is certainly watching the situation. Senator Roblin has already given that assurance and I think that the honourable gentleman should believe that that would happen.

With respect to something more concrete or something more definite, I will certainly try my best to get it for the honourable gentleman. As for a red herring, far be it from me to drag a red herring into this place or into any other place.

Senator Olson: Honourable senators, I wonder if we could perhaps have a little more specific timing as to when we can expect an answer. I heard the same reply last week, I heard it a month ago and I heard it six or eight months ago on such things as drought relief and certain other matters that we raised at the time. However, this is now a very serious matter for what we think is an important sector of the economy, and perhaps the honourable leader would like to give a little more specific answer so that we can have some assurance that this government is indeed taking the problems and the situation generally seriously.

Senator Doody: Honourable senators, I am absolutely revelling in the implied compliment in the suggestion of Senator Olson that I, on the second day of my acting leadership, can get from the government a definitive answer that members of the government were unable to provide during the eons and eras that the honourable gentleman has implied have passed since the question was first asked. I thank him very much for his generous compliment and can only tell him it will happen "soon."

Senator Olson: Honourable senators, it is, of course, clear that both the acting leader and the Leader of the Government in the Senate last week gave an undertaking in reponse to a request that I made that they should be prepared to give information this week.

• (1410)

Senator Doody: I think I missed part of the substance of the question. Did the honourable senator say the leader and the acting leader both gave an undertaking that they would provide that information this week? I will have to look that up and ask my friend the ventriloquist; I don't remember mouthing those words at all.

Senator Olson: I remember his head nodding in the affirmative.

Senator Doody: That may have been ennui or fatigue; it certainly was not acquiescence.

Senator Phillips: Whose head was nodding?

HUMAN RIGHTS

JAPANESE-CANADIANS—GOVERNMENT APOLOGY AND COMPENSATION—GOVERNMENT POLICY

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Acting Leader of the Government in the Senate whether the statement attributed to the Minister of State (Multiculturalism) that individual Japanese-Canadians whose properties were confiscated during World War II will not be compensated financially is the government's policy.

Hon. C. William Doody (Deputy Leader of the Government): I believe I read the same newspaper article the honourable senator has read. I will try to find out if, indeed, the comment was made by the minister. If it was made by the minister, I assume it must be government policy. But, in any event, I will try to find out if the attributed statement is accurate.

Senator Haidasz: Would the acting leader also find out whether the two months' time limit imposed by the minister for the National Association of Japanese-Canadians to make up their minds about this matter is also government policy?

Senator Doody: I will do that.

AGRICULTURE

SUGAR-BEET INDUSTRY—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, I should like to ask the Acting Leader of the Government in the Senate a question arising out of a debate which took place in the Senate yesterday. Can the deputy leader give honourable senators the assurance that the views expressed in the debate yesterday on the sugar-beet industry have been conveyed to members of the cabinet so that they will have those views before them when they meet tomorrow?

Hon. C. William Doody (Deputy Leader of the Government): That has been done. The arguments made here yesterday will, no doubt, reinforce the arguments that have already been made. I can assure the honourable senator that these representations have been passed on to the minister.

Hon. H. A. Olson: I have a supplementary question, honourable senators. We raised this matter last week. Senator Fairbairn and I specifically asked when an announcement was going to be made respecting a sugar policy so that the farmers and the processors would know in time to make arrangements to seed a crop for 1986.

The acting leader will recall that no crops were seeded last year primarily because there was no announcement made in time by the government, notwithstanding the fact that since

May 25 of last year the government promised that there would be a policy that the producers and processors could rely on.

We are running out of time, so would the acting leader assume the air of urgency that is inherent in this, because if the producers do not know within the next few days, they will not be able to make arrangements to seed a crop this year?

Senator Doody: I can assure the honourable gentleman that the urgency has been conveyed by various people other than the honourable gentleman. I congratulate him on getting his comments in on yesterday's debate. I appreciate the fact that he was not present yesterday, but I will make absolutely certain that the comments he has made today will be included in the text the minister will study.

I thank him once again for reminding us of the urgency. I will do everything I can to help impress or reinforce the urgency of the situation on the authorities concerned. I can assure the honourable gentleman that they are aware and that they are working on it, but I have nothing further to add at this time.

Senator Frith: "Senator Doody for leader!"

STATUS OF WOMEN

ARMED FORCES PERSONNEL—RESTRICTION OF SPOUSES' ACTIVITIES—GOVERNMENT POLICY

Hon. Lorna Marsden: The Acting Leader of the Government in the Senate may recall that last year we had a discussion in this chamber about the apparent violation of the rights of the spouses of military personnel raised by the Organization of Spouses of Military Members. We are reading again these days that the same group feels itself to be in jeopardy, yet we still have had no responses from the government concerning the rights of those military spouses, or their activities. I wonder if he could tell us when we will be hearing the responses of the government to those concerns.

Hon. C. William Doody (Deputy Leader of the Government): I will certainly make an inquiry to find out what has happened to the answers if, indeed, they have been prepared. I have not seen them, but I will certainly look into the matter and try to get the information as quickly as I can.

FISHERIES AND OCEANS

PRODUCT INSPECTION STANDARDS

Hon. Eymard G. Corbin: Honourable senators, I do not know why, but I am tempted to try my luck with Senator Doody. There is something in him that inspires confidence.

Hon. Senators: Hear, hear.

Senator Corbin: We are both from eastern Canada and have a fundamental understanding of the concerns of the people and of the problems in the area. Therefore, I will reiterate a question I put a number of times, without much success or progress being made, to the Leader of the Government in the Senate.

[Senator Olson.]

Is Senator Doody in a position today to inform me if decisions have been reached or if, indeed, some significant progress has been made in dealing with the matter of a policy for the inspection of fish and the quality of fish put on the market as a result of the St. Andrew's tuna incidents of last year?

Hon. C. William Doody (Deputy Leader of the Government): I certainly want to thank Senator Corbin for his remarks at the beginning of his question. I think it was the red herring that was raised earlier that inspired his confidence in me. He knew that fish was part of the topic.

Honourable senators, I do have some information on that matter. It is presently being typed up in my office. I should have something to lay before the Senate tomorrow. Whether it will be big enough, long enough and wide enough to suit the honourable gentleman, we will find out tomorrow. I will have something for him then.

REPRESENTATION BILL, 1985

THIRD READING—DEBATE CONTINUED—MOTION IN AMENDMENT—REFERRED BACK TO COMMITTEE

On the Order:

> Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Marshall, for the third reading of the Bill C-74, intituled: "An Act to amend the Constitution Act, 1867 and the Electoral Boundaries Readjustment Act and to provide for certain matters in relation to the 1981 decennial census".—(*Honourable Senator Frith.*)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, as I hinted yesterday, inquiries have disclosed that some witnesses from the Atlantic provinces, who did not do so previously, would now like to make submissions to the Standing Senate Committee on Legal and Constitutional Affairs. I hold no brief for them one way or the other as to why they did not want to appear earlier, although I would point out that a lead story appeared in a Halifax newspaper either yesterday or the day before to the effect that this bill is unfair to the Atlantic provinces or, at least, to some of them. That may have triggered the interest of these two witnesses, one of whom phoned the committee clerk and the other who sent a telex.

The evidence the committee heard from Mr. Hamel was to the effect that he was thinking in terms of the end of this month as a time that would enable him to set in motion the many procedures that have to take place, and that a delay of week or two to hear these two witnesses would not seem to be out of order. In fact, their interest and their own request to attend, it seems to me, would make it reasonable for us and certainly desirable for us to have this bill returned to the Standing Senate Committee on Legal and Constitutional Affairs so that it may hear any other witnesses and any other

representations and report back before we deal with this bill at third and final reading.

Honourable senators will remember that there is, in our view, a real responsibility on the Senate on this particular point. It was clear from the evidence that was heard immediately after second reading that the House of Commons passed this bill, as we know, under circumstances of closure. The justification for this bill given by Mr. Hnatyshyn and by those who supported it in the House of Commons was that it was based on sound principles of representation by population. We have to remember that at the time of Confederation it was the very principle of representation by population that led to the establishment and formation of the Senate, and that the Senate was brought into existence to try to represent regional interests that were not based purely upon population. Honourable senators will remember that at the time of Confederation the Atlantic provinces would probably not have gone along with Confederation if it were not for the existence of the Senate and its structure as an institution that was not formed solely on the basis of representation by population.

• (1420)

For those reasons, therefore, I believe that the committee should hear these representations and any others that would seem to be appropriate. The committee will make the decision in that regard. I ask the Senate to agree to sending this bill back to the Standing Senate Committee on Legal and Constitutional Affairs for that purpose and for its report before giving it third reading. I have not had a written motion prepared, and I apologize for this but I was otherwise engaged. I will, however, see that such a motion is prepared if honourable senators cannot agree to what I have suggested.

Hon. C. William Doody (Deputy Leader of the Government): I suppose that it will come as no surprise to honourable senators to learn that I am not at all enthused at the prospect of sending this bill back to committee. It has been reported without amendment. That it should now proceed to third reading is the accepted procedure, at least it has been since I have been here. The history of this piece of legislation would indicate that there was ample time for all of those interested in making representations to do so. At this point, to create such a precedent—quite apart from the consideration of this particular bill—would seem to me to be dangerous.

Bill C-74 was introduced in the House of Commons in September of last year. Prior to that time, however, on June 11, a white paper had been circulated by the minister. Surely, if these ladies or gentlemen from the Atlantic provinces wished to make representations, they had ample time in which to do so. The bill was given first reading in the House of Commons on September 16. It received second reading in October. It was studied in committee from October 10 to October 20 and was in the report stage in the House from November 26 to December 6. It received third reading on December 6, after which it came to the Senate.

In this chamber it was debated as usual, after which it was referred to the Standing Senate Committee on Legal and Constitutional Affairs and was studied during two meetings. I attended both of those meetings, as did other honourable senators, and at no time was there any inclination, in my judgment, to push the thing through, to cut off debate or to deny the right to call witnesses. As a matter of fact, at the end of the second meeting Senator Nurgitz asked quite clearly whether there were any further witnesses to be called or whether honourable senators wanted to look further into the particular matter. As I recall it, nobody raised any question or objections at that point, so the bill was duly reported to the house by the chairman of the committee and was accepted by the house.

We now learn that there is a motion that the bill be sent back to committee. If it is the will of the Senate to do so, obviously that is what is going to happen and we would not interfere with that. I do not think that a motion to that effect is necessary at this point. If honourable senators want the bill to go back to committee so as to invite these two ladies or gentlemen from the Atlantic provinces to make their representations, then that is obviously what is going to happen. I wonder, though, whether there will ever come a time when we can put a cap on this sort of thing. There surely must be a time frame in which we have to operate. We simply cannot let these things go on forever. If two people somewhere in the country express an intention or desire to appear before a committee, will we automatically reopen the proceedings? That seems to me to be a bit wrong.

Having said that, I will certainly accept the will of the Senate, and ask for the co-operation of honourable senators in dealing with it as expeditiously as possible. As Senator Frith has said, we have been told by Mr. Hamel, the official responsible for the implementation and administration of the act, that "the end of this month"—I believe those were the words he used—would give him a time frame in which he could get all of the various stages—it is a complicated procedure—in place before the next election.

Senator MacEachen: It seems unlikely.

Senator Doody: It seems unlikely—that's right. Obviously he has a crystal ball.

Senator Frith: You tell us that date, and we might be able to tell you the other one.

Senator Doody: That's even more complimentary than Senator Olson's comment. With that in mind, I would seriously ask honourable senators to try to deal with the bill as quickly as possible, and return it to the chamber in order that we can deal with it. I well appreciate the interest and I know that honourable senators are sincerely concerned. However, I would ask the committee, and other senators who are interested, to try to get the bill back to us as quickly as possible.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Nurgitz, seconded by the Honourable Senator Marshall, that this bill be read the third time now.

In amendment, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator MacEachen, P.C., that this bill be not now read the third time but that it be

referred back to the Standing Senate Committee on Legal and Constitutional Affairs for further consideration.

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

Hon. Senators: Agreed.

Motion in amendment agreed to and bill referred back to the Standing Senate Committee on Legal and Constitutional Affairs.

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Tremblay, seconded by the Honourable Senator Murray, for the second reading of the Bill C-70, intituled: "An Act to amend the Family Allowances Act, 1973".—(*Honourable Senator Bonnell.*)

Hon. M. Lorne Bonnell: Honourable senators, I rise today to speak on second reading of Bill C-70—although, from the hand that I received from the Deputy Leader of the Government, he may have thought that I was going to propose that he become the new Leader of the Government in the Senate.

Senator Doody: I thought you were supporting the bill.

Senator Bonnell: Sometimes I think that he would do a much better job than the present leader. I would like to see him at least placed in the cabinet so that he could get those government answers out to us quickly.

Some Hon. Senators: Hear, hear.

Senator Bonnell: Honourable senators, let me first say that it is very difficult for a young senator like myself—

Some Hon. Senators: Oh, oh.

Senator Doody: You mean mentally.

Senator Bonnell: —mentally, physically and actively, to follow such a distinguished senator as Senator Croll, who knows the history of the social sciences and social welfare of this country and who yesterday gave us such an excellent historical background to this subject. I sometimes wish that I were old enough to have been there with him, as he sat with those distinguished gentlemen of the past, persuading them to place this social legislation on the order papers of the various federal Parliaments. Then, in the next moment, I was wishing that I was young enough to be cut off from the Family Allowance and to be de-indexed, so that I would be able to look to the future and perhaps travel to the moon in a much safer space capsule than the Challenger that met such a tragic end yesterday.

I should like to congratulate Senator Croll on his remarks. As in years gone by, he walked again with the workers rather than drive in a big car.

An Hon. Senator: General Motors.

Senator Bonnell: General Motors, yes.

[The Hon. the Speaker.]

An Hon. Senator: And Ford.

Senator Bonnell: And Ford, yes. Again he stood up for those people in need, for the poor, and showed that he was on the left wing of the Liberal Party, and a true Canadian Liberal.

It is also difficult for me to follow such a distinguished senator as our past President, Senator Graham, who gave such a distinguished speech in connection with this bill and covered most of the things that I myself would like to have said. Far be it from me to repeat what Senator Graham has said. It is all there in the *Debates of the Senate*. I want to congratulate Senator Graham for on excellent speech on behalf of the people in need in this country. I also want to congratulate Senator Tremblay on his very informative remarks in explanation of the bill. I thought it was apropos that he was given a second chance to backtrack and to change his mind and change the figures. Perhaps it is because of that fact that I decided that I should say a few words in an attempt to change the mind of the Government of Canada—change the mind of the Minister of Finance, and change the mind of the Minister of National Health and Welfare.

• (1430)

A very short time ago the Government of Canada prepared a book called, "Child and Elderly Benefits Consultation Paper." It is dated January 1985. In this consultation paper the Government of Canada gave us an indication of some options that it thought it had with respect to family allowances. It also gave us some options on what it thought it might do for the senior citizens of this country. Let me quote from that consultation paper put out by the government. The government proposed what it would do. It said this:

> —the government has come to a number of conclusions bearing upon, and limiting to some degree, the range of choice available.

It goes on to list those conclusions. So, whatever happened as far as changes to the social programs of this country were concerned, these conclusions were not to be tampered with. According to the Prime Minister these conclusions of the Government of Canada, which were basic regardless of what other changes may take place, were sacred trusts. The first one is, "The foundation of both these systems"—that is the Family Allowance benefits and benefits to senior citizens—"is their universal base payments." That is the very first one—universality. The sixth one is:

> Changes in these programs which may result from this review should improve benefits of those most in need.

The seventh one is:

> Any net savings which may then remain, whether resulting from reductions in expenditure or additional revenues, should be applied to other priority concerns in the social affairs envelope. No such savings should be transferred to deficit reduction.

Honourable senators with that type of "sacred trust," with that type of definite government policy given to us in January 1985, with these conclusions that must not be touched, we now find ourselves with this legislation before us. That is why I

thought that I as one who believes in giving a new government with a large mandate an opportunity to do its thing should stand in my place and tell the people of Canada that this is the type of government they have today, a government that makes these types of commitments on paper in January 1985 and then, in January 1986, does completely the opposite.

Senator Frith: And makes the changes in advance. Treachery—sheer treachery—

Senator Bonnell: Honourable senators, the thing we have to think about—

Senator Frith: —to put it euphemistically.

Senator Marshall: Don't you talk about changing minds.

Senator Bonnell: —is, can the government of this country be trusted?

Some Hon. Senators: No.

Senator Bonnell: Can the Prime Minister of this country be trusted?

Some Hon. Senators: No.

Senator Bonnell: Can the Minister of National Health and Welfare of this country be trusted?

Some Hon. Senators: No!

Senator Bonnell: Can the Minister of Finance of this country be trusted?

Some Hon. Senators: No!

Senator Frith: Let the record show that the "Nos" got louder each time.

Senator Bonnell: Honourable senators, I believe the records will show that the people of this country will look at the trustworthiness, the integrity, the leadership, the word of the leadership, and the dependability of that leadership and that these matters will become an issue in 1988, 1989 or whenever we go back to the people of Canada.

Senator Haidasz: Out they go!

Senator Bonnell: The other thing that brought me to my feet is the fact that we are here today debating Bill C-70 when there is no real need to be here at all, because Bill C-70 has now taken effect. The Government of Canada took upon itself to de-index the Family Allowance without the approval of Parliament. Way back on June 15 in 1216 at Runnymede on the Thames in the time of King John when the *Magna Carta* was signed, we fought for the right of Parliament to be supreme and for this sort of thing not to happen, and we won. Yet, in 1986 this government takes 93 cents each month from each child receiving the Family Allowance in this country, without the approval of Parliament.

Senator Haidasz: Shame!

Senator Bonnell: The least it could have done was to hear the voice of Parliament and wait for the consent of both houses and for Royal Assent before carrying out its fateful deed.

Senator Haidasz: That is the proper way.

Senator Bonnell: It is with that in mind that I thought last December, as we were listening to the testimony of witnesses during the pre-study, that we should rush the hearings on this legislation and get our report in, so that when the bill came before this chamber we could pass it so that the government could carry out its will or the will of Parliament. I did not want to be the only one in all of Parliament obstructing this legislation. I have since found out that all that effort did not mean a thing. We could have listened to all the people who wanted to be heard. We could have given them that opportunity because the government would overrule Parliament and cut and de-index the Family Allowance to take the 93 cents a month away from the children of this country under the program.

• (1440)

Honourable senators, I have not been on my feet very often during this Parliament because I felt that the people of Canada had spoken on September 4, 1984. They wanted a change in direction; they wanted a change in government and they wanted a change in leadership. They certainly got a change. However, every time this government makes a mistake or they want to do something that was, perhaps, bad in the past, they say, "The Liberals did it." Honourable senators, I do not care whether the Liberals did it or the NDP did it or who did it. If it is wrong, it is wrong and the people want a change and they want it done right. It is an excuse to say that the Liberals did something, whether it was the six-and-five program or something else. That is immaterial. Perhaps the Liberals made mistakes. I would be the last one to say that the Liberals did everything right. I certainly did not agree with everything they did, but they did a lot better job than is being done today, and whatever the Liberals said, they stuck by it and you could trust them.

Honourable senators, today the trust has gone. You cannot trust the leadership of this country today. One day certain things are said, and if someone comes along and says, "Goodbye, Charlie Brown," then tomorrow it is something else. There is no trust. There is no real direction; there is no real leadership. On one day they say that whatever funds exist in the social security package they will put back into the social security package. Yet, when I asked the Minister of National Health and Welfare in committee: "What do you intend to do with the billion dollars that you are saving on the backs of the children between now and 1990?", he replied: "We are going to help to pay off the debt." Honourable senators, that is just the opposite of what they said in the blue book; just the opposite of what they told us in black and white was a sacred trust in January of 1985.

Honourable senators, I do not know where I should start or where I should end on debate of this bill but, without going into detail, my friend has given us a table which we can all read, and we can see quite clearly how the children are losing. Senator Tremblay has given us some figures which illustrate the changes that have been made, and let me tell you there is approximately $1 billion which will be saved by this program between now and 1990; saved on the backs of the children of

this country. There are 1,200,000 children in this country who are in need; they are living in poverty. These same children cannot, as did the senior citizens, demonstrate on Parliament Hill; they are too young. These same children cannot speak in Parliament as I am doing because they have not reached that stage in their development. They cannot speak for themselves; they need someone to speak for them. These same children cannot go out and vote against the government because they are not old enough. These children that we are now taking advantage of have no one to work on their behalf or to fight for them unless there are people such as we who are here in this upper chamber, giving the legislation sober second thought. Half of the members of this chamber were probably born with a silver spoon in their mouths. People like that do not really understand poverty. They really do not know what it is like to be poor or what it is like to look forward to that Family Allowance cheque every month.

There are mothers in this country who wait for the 20th day of each month in order to get that Family Allowance cheque, and now it is about to be de-indexed. Those mothers wait to receive that cheque in order to buy bread or milk or shoes. They wait for that cheque to take their child to the skating rink or to pay dues for their child in order that he might become a member of an organization such as the Boy Scouts. Many mothers look to that money to help pay their food bill. By the 20th of the month, many of them have run out of money and have nothing left with which to buy food.

In the meantime, we sit here saying to ourselves, "It cannot be that bad." Let me tell you, it is that bad. In fact, it is worse than that. Many of these mothers have no husbands and head single-parent families. Many of them cannot go out to work because they have children to look after at home. If they do go out to work, they must pay babysitters, and all of them are living in poverty. A good 40 per cent of these children, as I said, are members of families with only one parent and the Family Allowance cheque is very important to them.

Honourable senators, let me tell you that the Family Allowance cheque comes on a certain day each month and the mothers know that. They get to their mailboxes and pick up their cheques because the cheque is in the mother's name. Some families have husbands and fathers who are alcoholics and who abuse the family funds, but the mother knows that the Family Allowance cheque comes on that date. That cheque, which is in her name, will pay for groceries or shoes or whatever.

We have been told that these people will receive more money through the Child Tax Credit. Honourable senators, I say to you that the Child Tax Credit comes a year later. By that time, these children could be dead of starvation because they have had to wait a whole year. Also, no one knows what date that Child Tax Credit cheque might come, and there is no guarantee that the mother will get that money. The husband might take it for himself.

Senator Frith: Most of them don't pay taxes, in any event.

[Senator Bonnell.]

Senator Bonnell: If they do not pay taxes, they still get the cheque, providing they fill out an income tax form. Honourable senators, I wonder if you have ever realized how complicated that income tax form has become. There are very few people who can figure it out. I would venture to say that amongst the highly-paid people in the Senate and the great scholars in the Senate, I am sure that very few of you can do your own income tax because you have a difficult time understanding the form. You probably get an accountant or someone else to do it for you.

Senator Haidasz: Yes, and pay $300 to have it done.

Senator Bonnell: Yet you expect this poor, single-parent mother to fill out her income tax form in order to obtain her Child Tax Credit. Let me tell you that a good 20 per cent of the Inuit and Indians in this country never fill out an income tax form because they do not understand it. Therefore, they never get the Child Tax Credit. Let me tell you that a good 10 or 15 per cent of the mothers in this country never get the Child Tax Credit because they do not know how to fill out the form. Many of them do not even know about the Child Tax Credit. Let me go a little further and say to you that even those who do know about the Child Tax Credit cannot fill out the form and many of them go to one of those agencies to have it filled out for them, and are charged 25 per cent of the gross. Others need the money so quickly, they cannot wait for the rebate so they go to one of these dealers, who also takes a percentage, and they end up with approximately 80 per cent of what is coming to them.

● (1450)

But the Family Allowance cheque comes, regardless, on the 20th day of every month, and the mothers and children of this country want that cheque. They want it indexed, and they need it. They were promised that they would get it and they were promised that it would be universal.

Let me talk about universality. Universality means that everyone receives the benefit. If Family Allowances are not pegged to the cost of living, those cheques will be worth little or nothing in a few years. I say that because the cost of living is going to go up. This is the first step in the destruction of universality, and the first step in the destruction of the Family Allowance system in this country. We should look after our children and ensure that they get proper nutrition so that when they grow up they will be productive citizens.

It would be bad enough, honourable senators, if it were only the Family Allowance payments that were being cut, but the government is also cutting back on transfer payments. We can say: "Great, the federal government is cutting back but the province will give us more." The province cannot give more because the transfer payments to the provinces are being cut by the federal government. The federal government is cutting back on health care payments to the provinces, on educational grants to the provinces, and on the welfare grants to the provinces. So, the provinces are in a squeeze themselves and cannot help these poor mothers and children who are living below the poverty line.

At the same time that these cuts are being made, the Government of Canada is increasing the costs of all other things these people need. For example, it has put an 11 per cent tax on a chocolate bar. The poor kid who has had his Family Allowance payments de-indexed, has had his Medicare services cut in half, has had his educational opportunities reduced, is now paying an 11 per cent tax on chocolate bars. Even medical supplies are being taxed, as are drugs. Products are now being taxed that were never taxed before. Everything is being increased to 11 per cent from 10 per cent. So, the cost of living will go up. While all this is happening, we are being told that we should have trust in this government.

The only opportunity these kids have for a little recreation is to go out to one of Canada's national parks, to a place where they can enjoy the nature trails, the birds, the bees, the beaches, and learn something about natural history. But what did this government do? It doubled the entrance fees to our national parks. The poor little kids cannot go to those parks without being taxed by the government.

To further hinder their opportunities to visit our national parks, the government has increased taxes on gasoline. Gasoline has gone up by approximately 20 cents a gallon since September 4.

So, here we are, honourable senators, trying to balance the budget of this country on the backs of our children—

An Hon. Senator: Shame!

Senator Bonnell: —on the backs of our one-parent families, on the backs of those who are in need and who live in poverty, on the backs of those who least can afford to give. For what? To give others a raise in salary just last week well above that which is needed, with others receiving a thousand dollars a day in salary, with others getting their bank investments paid off to the tune of millions of dollars, and others receiving big tax rebates. This government is taking 93 cents a months from the 1.2 million children who are living in poverty so that the rich can be richer.

All this has been done without the approval of Parliament; all this has been done without our consent, without our consultation, without even the consent of the members of the House of Commons, the elected representatives of this country.

If we slow down passage of this bill we will hear, "Those appointed senators are slowing down the legislation." Well, the appointed senators are not slowing anything down. It is time that we, as senators, referred this bill to the Standing Senate Committee on Social Affairs, Science and Technology to give the mothers of this country an opportunity to be heard, to give the ministers of social services from the provinces of this country an opportunity to come forward and tell us how much this is going to hurt them, because the extra burden will be on their taxes. Let the municipalities of the country come forward and tell us how much it will hurt them, and let us take as much time as required, because we will not be hurting anyone since the government has already made the adjustment. There is no rush now. We have the opportunity and the time; it is our duty as senators to give sober second thought to this legislation and to hear the concerns of the people of this country.

So, honourable senators, I suggest that we refer this bill to the appropriate committee and not go any further without giving those affected an opportunity to at least be heard, even if we cannot change things.

I thank honourable senators for their attention.

On motion of Senator Marsden, debate adjourned.

TORONTO HARBOUR COMMISSIONERS' BILL, 1985

SECOND READING—DEBATE ADJOURNED

Hon. Finlay MacDonald moved the second reading of Bill C-76, respecting the operation of the Toronto Island Airport by the Toronto Harbour Commisioners.

He said: Honourable senators, Toronto Island Airport serves a large general aviation community and a limited number of commercial air services, one of which uses Toronto-built Dash 7 and Dash 8 aircraft. In following this bill through the other place I was surprised to learn, as many senators already know, that Toronto Island Airport is the ninth busiest airport in Canada. It is strategically located on land owned by the City of Toronto, the Toronto Harbour Commissioners and the federal government.

Until June of 1983 the airport was operated by the Toronto Harbour Commissioners on behalf of the City of Toronto. The lease between those two parties expired at that time—June of 1983—and in the absence of a new operating agreement, the possibility existed that the airport could have been closed.

With this in mind, and in recognition of the vital role of Toronto Island Airport in the Toronto area aviation system, the federal government of that day entered into a 50-year lease agreement—in June, 1983—with the City of Toronto and the Toronto Harbour Commissioners to ensure that the airport would continue as an important airport in the Toronto area for general aviation and limited commercial air services.

Negotiations leading up to the signing of the long-term lease were protracted, due in part to the environmental concerns raised by representatives of the City of Toronto. Through the good faith of all parties, a lease was finally negotiated that ensured the ongoing operations of the island airport while, at the same time, establishing certain conditions to meet the environmental concerns.

• (1500)

Bill C-76 should be viewed within the context of the terms and conditions of the lease agreement signed by the three parties in June of 1983. Primarily, this bill is designed to enable the Toronto Harbour Commission to implement its obligations for the operations of the airport contained in the lease agreement. Specifically, the City of Toronto insisted that certain conditions be included in the lease to prohibit, for instance, jet aircraft or aircraft generating excessive noise as a prerequisite to the City entering into the agreement.

A former Minister of Transport, on behalf of the federal government, agreed to Parliament's amendments to the

Toronto Harbour Commissioners' Act to give effect to these conditions. Such amendments do, among other things, provide the statutory authority to allow the Toronto Harbour Commissioners to make by-laws to prohibit jet-powered aircraft, et cetera.

The federal government has also invested capital over the last few years and has planned further expenditures to upgrade the airport for general purposes. These expenditures were recognized by all parties as necessary to address problems of deterioration.

The start-up for construction has been noted in recent press reports. It should be noted that a majority of these projects is directly related to safety; for instance, a $3 million expenditure for a new control tower.

I should like to stress that these expenditures have been and will continue to be carried out within the terms of the lease agreement.

Bill C-76 also includes an additional amendment at the request of the City concerning the appointment of commissioners by the City to the Toronto Harbour Commission. The amendment will allow for members to be appointed by the majority of the city council without nomination by the executive committee. This will bring the City's commissioner appointment process into line with City appointments for other agencies and commissions.

In conclusion, honourable senators, in recommending Bill C-76 for your approval, I point out that the federal government is fulfilling its obligations under the lease agreement for the Toronto Island Airport. The amendments are fundamental to the proper execution of specific terms and conditions of the lease. They have the full support of the City of Toronto and the Toronto Harbour Commissioners. I commend Bill C-76 for your approval.

Hon. Senators: Hear, hear.

On motion of Senator Frith, for Senator Stollery, debate adjourned.

PETROLEUM AND GAS REVENUE TAX ACT INCOME TAX ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government): moved the second reading of Bill C-82, to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act.

He said: Honourable senators, in moving second reading of Bill C-82, to amend the statute law relating to the Petroleum and Gas Revenue Tax, I would like to outline the measures involved in this legislation and to comment briefly on the major clauses in the order in which they appear.

The bill before us amends the Petroleum and Gas Revenue Tax Act to implement the fiscal measures announced in the Western Accord signed on March 28, 1985, and the budget of May 23 with respect to the PGRT. It contains four significant changes to the PGRT. The amendments will:

1. phase out the PGRT by December 31, 1988;

2. provide for offsetting the tax by unused exploration and development income tax deductions;

3. allow for elimination of the PGRT on new production or major new oil and gas projects; and

4. reduce paper burden and accounting costs for thousands of individual Canadians receiving oil and gas revenues by allowing a $10,000 revenue deduction.

Finally, the bill will eliminate the incremental oil revenue tax.

The most important change in this bill is the complete phase-out of the PGRT on all production of oil and gas by the end of 1989. The bill provides for the following statutory rates to be applied to conventional oil and gas production from the present level of 16 per cent: in 1986, 13.33 per cent; in 1987, 10.67 per cent; in 1988, 8 per cent; and in 1989, nil.

A separate statutory rate phase-out schedule is provided for synthetic production, in recognition of the higher costs and risks associated with this type of production. The rate for 1986 will be 12 per cent; for 1987, 8 per cent; for 1988, 4 per cent; and for 1989, nil.

The PGRT regulations will continue to allow a resource allowance of 25 per cent for conventional oil and gas and 50 per cent for synthetic oil. These resource allowances reduce the statutory rates to give effective rates over the next three years of 10 per cent, 8 per cent and 6 per cent for conventional oil and gas, and of 6 per cent, 4 per cent and 2 per cent for synthetic oil.

Honourable senators, in order to stimulate activity immediately, the bill allows for a full PGRT exemption to be available for new wells that are drilled after March 31, 1985. In addition, enhanced oil recovery projects, including water floods, are provided with new incentives that will result in a more favourable treatment during the remaining years of the PGRT. These projects will be able to choose to exempt their incremental production from the PGRT after March 31, 1985. Major new energy projects will also be able to apply for PGRT relief.

This bill introduces an important new feature which will allow corporations to make use of their unused income tax deductions stemming from new Canadian exploration and development expenses, against PGRT liabilities. This feature will be effective in 1985 and will allow for 30 per cent of the value of new unused exploration and development deductions to be applied as a credit against the PGRT. As a result of this new feature, consequential changes to the Income Tax Act are included in the bill. These consequential changes include a new tax under Part IX of the Income Tax Act which will recapture this PGRT credit when the exploration and development expenses are eventually used in the computation of Part I income tax. This ensures that a double deduction against both the PGRT and income tax will not be possible.

Another amendment in the bill introduces a new measure of importance to many Canadians. This measure will remove the burden of the tax for several thousand Canadians who have

small amounts of royalty income from oil and gas wells by introducing a $10,000 annual deduction for individuals, starting with the 1986 taxation year.

Finally, honourable senators, Bill C-82 eliminates the incremental oil revenue tax by repealing this tax on production after 1984.

Honourable senators, having reviewed the basic measures included in this bill, I will briefly outline the major clauses.

Clause 1 introduces definitions for new production and synthetic oil production needed respectively for the implementation of the PGRT exemption for new production and for computing tax payable for synthetic production. Clause 1 also repeals definitions with respect to the incremental oil revenue tax.

Clause 2 is a principal amendment which repeals the incremental oil revenue tax for production after 1984.

Clause 3 introduces four amendments: first, to allow for royalties, currently taxed under Division II of the act, to be taxed, effective 1986, under Division I of the act; second, to exempt individuals from PGRT on up to $10,000 of production and royalty income; third, to implement the exemption for new production; and fourth, a technical change to allow a deduction in respect of undelivered petroleum or gas. This last amendment permits an intended deduction which was previously denied due to a technicality.

Clause 4 is a principal amendment which introduces the exemption for new production.

Clause 6 introduces the rate structure to implement the PGRT phase-out on Division I income.

• (1510)

Clause 7 introduces the PGRT offset credit. In other words, 30 per cent of designated unused Canadian exploration and development income tax deductions can be applied as a credit against the PGRT payable.

Clause 13 discontinues the taxation of production and resource royalties under Division II of the act for Canadian residents. Such royalties will now be taxed under Division I. This clause also provides the rate structure to phase down the PGRT with respect to royalties.

Clause 16 introduces amendments to the Income Tax Act to implement the PGRT offset mechanism. Clause 19 allows taxpayers, when calculating their income tax, to deduct amounts previously designated for PGRT offset purposes. However, when such a deduction is made, a special tax at the rate of 30 per cent is imposed under clause 24 to recapture the credit previously allowed under the PGRT offset mechanism.

Honourable senators, Bill C-82 contains 26 clauses. I have described only the main or principal clauses, although those remaining contain consequential amendments. The subject matter of this bill was examined by means of a pre-study in committee. I therefore commend the bill to honourable senators for second reading.

Hon. Earl A. Hastings: Honourable senators, I wish to commend Senator Doody for his presentation of Bill C-82, to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act. From listening to him, I felt that his presentation was in strange contrast to the debate on the Family Allowance bill, which is also under consideration by this house. Bill C-82 provides assistance in the approximate amount of $4 billion to an industry which, in this country, is dominated by the multinationals. It would seem that we have to take money from the children living in poverty in order to pay for legislation such as this.

In any event, I commend him for his presentation, which outlined the basic measures and technical provisions of the bill. With those comments, I would adjourn the debate until the next sitting of the Senate.

On motion of Senator Hastings, debate adjourned.

RULES OF THE SENATE

MOTION TO AMEND RULE 77(7) TO PROHIBIT SMOKING AT COMMITTEE MEETINGS—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Opposition), pursuant to notice of Wednesday, January 22, 1986, moved:

> That the rules of the Senate be amended by adding, immediately after rule 77(7), the following:
>
> (8) Smoking is prohibited at all meetings of Senate committees.

Senator Leblanc (Saurel): Does this motion apply to witnesses appearing before the committees?

Senator Frith: Yes, it does.

Honourable senators, my comments on this motion will fall under three headings: First, the framework and the spirit of the motion; second, the reason why I am making this motion and my comments in support of it, which will fall under two subheadings, the question of health and the question of simple discomfort; and third, a brief reference to one precedent on the subject.

Honourable senators, speaking first on the framework of the motion, I wish to make it clear that the spirit of this motion is not antagonistic to the freedom of those persons who wish to smoke. I was once a smoker myself and I enjoyed it. I was lucky enough, however, to give it up. Although I tried several times to do so, initially I was giving up something that I wanted to do and, therefore, failed. That was a good illustration of Mark Twain's comment to the effect that, "Giving up smoking is easy—I have done it hundreds of times." Eventually I decided that I did not want to smoke any longer. That, however, does not mean that I am proselytizing or suggesting by this motion that other senators or persons must quit. I mention "other persons" because, in answer to a question, I stated that I believed that this motion should apply to smoking by anyone in committee meetings.

I repeat that I am not suggesting that anyone should give up smoking. I have simply moved that smoking should not be permitted in Senate committees. Therefore, because I am not proselytizing, I hope that I will succeed in persuading smokers to support this motion out of consideration for non-smokers,

and based on the evidence that I will present in support of the motion.

Why should smoking be prohibited during meetings of Senate committees? Honourable senators, the first subheading under this second heading is: "For reasons of health." Here I refer to the health of the non-smoker. Smokers may decide for themselves whether they wish to give up smoking because it does or does not menace their health. I only ask the smokers to consider the effect of their smoking on non-smokers. There is evidence of that effect which I wish to put on the record, because I think that all honourable senators are entitled to have a case made out in support of the motion. As honourable senators might know, there is considerable scientific evidence to support the conclusion that smoking is dangerous to the health of non-smokers. I will make reference to two or three sources in support of that proposition. The first is the evidence that was given before an arbitrator in a recent case involving the Public Service Alliance. Honourable senators may have read the conclusion of an arbitrator that the provisions of the Dangerous Substances Safety Standard apply to a part of a collective agreement relevant to that case. The evidence establishes the existence of a statistically significant relationship between exposure to passive smoke, as it is called, and the incidence of lung cancer. The issue dealt with in that particular arbitration is relevant, but I do not mean to dwell on it. I will simply share with honourable senators some of the evidence upon which it was based.

I have here the decision made by the arbitrator. The file number of the case is 166-2-14734 and the style of cause is entitled: The Public Service Staff Relations Act, before the Public Service Staff Relations Board, between Peter Wilson, grievor, and Treasury Board, Health and Welfare Canada, employer. By way of an aside, it is ironic that the Department of National Health and Welfare should have been involved in such a case as the antagonist to the griever. The hearing was conducted before Walter L. Nisbet, Q.C., Deputy Chairman.

I want to share with honourable senators some comments which provide an evaluation of the evidence. Those comments appear at pages 169 to 176 of the decision. At page 170 the findings are as follows—and I am referring to paragraph 129:

● (1520)

> Is tobacco smoke (or its constituents) "a dangerous substance" within the meaning of the Standard? The expert witnesses called on behalf of the grievor referred in their testimony to results of recent epidemiologic studies—

I take it that the root of that word is "epidemic"; but I will not dwell on that.

> —some of which establish a statistically significant correlation between exposure to passive smoke and the incidence of lung cancer. In particular, Mr. Repace referred to a 14 year prospective study of 91,540 non-smoking Japanese wives conducted by Hirayama which showed that wives whose husbands smoked either less than a pack of cigarettes daily or more than a pack daily had respectively one and a half and two times the risk of lung cancer of women whose husbands did not smoke.

[Senator Frith.]

I suppose that another conclusion one could draw from that would be that one should not marry Japanese men who smoke. But that was not the conclusion that was put forward. I know that many of these statistics give rise to other possible inferences. I remember that on one occasion, when appearing before a jury and when statistics were not going well for me, there was reference to a study made of fleas. A scientist managed to train fleas. He had a control group of 100, and if he put one of the fleas in one hand and said "Jump," it would jump onto the other hand.

Senator Doody: It sounds like the honourable senator's caucus when they were all saying "No" in chorus.

Senator Frith: Really? Then you will like the rest of the story. I don't quite catch that. I am trying to make the point that there are many inferences to be drawn from statistics—and there is one that you have drawn. The rest of the statistics are as follows. He then took a control sub-group of 50 and removed their hind legs. He found that when he took that control sub-group, whose hind legs had been removed, and he said "Jump," they did not jump. His conclusion from that research was that when you remove the hind legs of a flea, it becomes deaf.

I know that other conclusions can be drawn from some of these studies. However, that was the conclusion that was drawn here, namely, that there was a clear effect on the health both of those who were smoking and on non-smokers who were exposed to the effects of smoking.

Senator McElman: Was that 91,000?

Senator Frith: It was 91,540.

Senator Molson: Were they smoking tobacco?

Senator Frith: Yes. I am grateful to the honourable senator for affording me the opportunity to make that clarification. There was also a study of the effects of both voluntary and involuntary smoking on some 5,210 middle-aged persons, conducted by White and Froeb. The conclusion was:

> —that chronic exposure to tobacco smoke in the work environment harms non-smokers and significantly reduces small airway function to the level of smokers of one to ten cigarettes a day.

The testimony was that:

> —although the quantitative estimates he presented should be regarded as preliminary and subject to confirmation by further research, the epidemiologic evidence suggests—

And this is rather chilling:

> —that passive smoking is responsible for about one-third of the annual lung cancer mortality among U.S. non-smokers. He said passive smoking appears to pose a public health risk in the U.S. larger than the hazardous air pollutants from all regulated industrial emissions combined . . . As a result of earlier research he conducted, Mr. Repace had concluded that ambient tobacco smoke imposed significant air pollution burdens on non-smokers.

> He said exposure of non-smokers to indoor air pollution from tobacco smoke has recently become a public health concern for several reasons: (a) such exposure is widespread; (b) studies of the effects of tobacco smoke on smokers world-wide have implicated it as the most important cause of lung cancer; (c) the existence of a threshold for carcinogenesis is doubtful; (d) there is disturbing new evidence of lung cancer and other serious health effects in non-smokers exposed to ambient concentrations of tobacco smoke.

Continuing:

> Dr. Rickert testified on behalf of the grievor that there are many carcinogenic chemicals contained in tobacco smoke, including beta-naphthylamine and 4-aminobihpenyl for which no threshold limit values are established by the American Conference of Governmental Industrial Hygienists.

The following is important, with reference to this motion:

> This means that there is no safe exposure to them. He said that tobacco smoke is a complex mixture of pollutants and when there are two or more hazardous substances which act upon the same system their combined effect rather than that of either individually should be given primary consideration, i.e., the effects are to be considered as additive. If the ratios of pollutant concentrations to its threshold limit values summed over all relevant constituents exceeds unity then the threshold limit value of the mixture is considered to have been exceeded. He pointed out that when he applied the threshold limit value mixture . . . to tobacco smoke he obtained the results reported in Table 7—

of this document. This danger has been known for some time, and attempts have been made to solve it by ventilation. I quote further:

> Dr. Rickert said that ventilation was more important than the number of cigarettes smoked. He agreed with Mr. Repace that ventilation is the most important factor in assessing indoor air pollution caused by ambient tobacco smoke. However, Mr. Repace indicated in his testimony that in order to reduce the risk to an acceptable level the ventilation rate would have to be increased to a completely impractical degree.

It means that ventilation certainly does not solve the problem. Continuing:

> After reviewing the afore-mentioned epidemiologic studies in the paper titled "The Health Risks of Passive Smoking, The Growing Case for Control Measures in Enclosed Environments" which he authored with others, Doctor Lefcoe stated:
>
> > These investigators concluded that chronic exposure to tobacco smoke in the work environment is deleterious to the non-smoker and significantly reduces the function of small airways.

Honourable senators, I commend to you paragraph 133, which follows, and which refers to some exhibits. I will pass on to Dr. Sterling, in order to present the other side of the case. He testified for the employer. He said that in his opinion there was not sufficient evidence to convince him of the conclusions that I have just read into the record. But, in fairness, I must say that Dr. Sterling admitted that he had not done any of his own research on the health effects of passive smoke on humans, and his views were based simply on his criticism of the other studies—the ones to which I referred. The arbitrator, for that reason, said:

> In my view, Dr. Sterling's testimony, insofar as it is in conflict with the testimony of the other expert witnesses, must give way to that testimony.

That is item number one. I have a couple of other references that might be persuasive. One is a statement by a medical doctor connected with occupational and environmental medicine, and an organization referred to as Environmental Improvement Associates. I refer to that, because in our committees, being aware of this problem, we have tried the use of filtering devices. Therefore it seems to me appropriate, as part of my case in support of the motion, to say something about the effectiveness of those devices. This is what Elaine B. Panitz, M.D. has to say about that:

• (1530)

> Smoke (both mainstream and sidestream) is a complex mixture of gases, liquid droplets, and solid particles dispersed in air. The gases remain in air until fresh air pushes them away. The droplets and particles are of a fine enough particle size to remain in air for a long period. Eventually they stick to walls, clothing, hair and any other surfaces in the environment.

That means that for those of us without very much hair it clings to the surface uncovered by hair. She goes on to say:

> Various "air cleaners" have been proposed to cope with smoke indoors.

We have all seen these devices in our committees.

> An electrostatic precipitator removes droplets and particles (.01 to 0.40 microns in size) from air with high efficiency. Since some of the gases of smoke stick to the droplets and particles, these are removed by the electrostatic precipitator also. Unfortunately, more than 90 per cent of tobacco smoke is made up of gas molecules that are so tiny (.0002 to .01 microns) they cannot be removed by electrostatic precipitation. Equally ineffective are "ion generators"—

Which, I believe, is what we have.

> —which purport to remove particles, but not gas molecules, from air.
>
> Among the gases found in tobacco smoke are carbon monoxide, carbon dioxide, nitrogren oxides, ammonia, volatile N-nitrosamines, hydrogen cyanide and cyanogen, sulfur compounds, nitriles, hydrocarbons, alcohols, aldehydes, and ketones.

Senator Phillips: Ketones?

Senator Frith: I thought that the ketones would get to Senator Phillips if nothing else did. Dr. Panitz goes on to say:

> These chemicals have been implicated in the development of lung disease, heart disease, and cancer in humans. In terms of immediate symptoms, these gases (especially carbon monoxide) have been strongly associated with nausea—

Perhaps this is some justification or explanation for some of the behaviour in our committees when people are smoking there.

> —dizziness, headache—

Senator Doody: Definitely headache.

Senator Frith: Get this one:

> —loss of memory—

Senator Phillips: How many years did you smoke?

Senator Frith: Here's one, and if I am looking at Senator Phillips, it is purely coincidence:

> —difficulty in concentration—

Senator Doody: It is just a coincidence.

Senator Phillips: It is merely the fact that you are bored.

Senator Frith: And now he can look back at me, because it says:

> —and other psychomotor functions. Unfortunately, current technologies such as electrostatic precipitators and ion generators can not remove these gases. The only practical way to deal with the accumulation of toxic gases is to remove the source—eliminate smoking in confined spaces.

That is one of the reasons that I think we should not permit smoking at committee meetings.

Senator Doody: Perhaps the chamber is the only place where smoking should be allowed.

Senator Frith: It would be less of a threat to health to smoke here than to smoke in those confined spaces.

Senator Phillips: Is that a compromise?

Senator Frith: No, but make us an offer.

Another reference I have deals with some conclusions in a study in the *New York State Journal of Medicine* dated July 1985. That is fairly recent. The article is by Mr. Repace, who was one of the witnesses at the hearing, as honourable senators will remember. The article deals with an indoor air quality standard for ambient tobacco smoke based on carcinogenic risk. This is a health-based standard. My quotation can be found at page 382 of the journal. It reads:

> A health-based standard of 0.75 μg/m3 (daily average) for respirable particulate matter from ambient tobacco smoke in the workplace appears to be necessary to reduce carcinogenic risk to nonsmokers to acceptable levels. However, to attain such a standard, complete physical separation of smokers and nonsmokers on separate ventilation systems, and prohibition of smoking in the workplace appear to be the only feasible alternatives for reducing the lung cancer risk from passive smoking to below the maximum risk considered acceptable by the standards of federal regulatory agencies for carcinogens in air, water, or food.

That is what I have to say about the health risk. I want to reiterate that I do not want any of what I have said to be taken as a reproach to smokers or that smokers are knowingly threatening—

Senator Doody: You are not threatening to eliminate smokers, just smoking.

Senator Frith: Precisely.

Senator Doody: Eliminating smokers is phase two!

Senator Petten: Give him time.

Senator Frith: But I do not want smokers to feel that in reading all these somewhat frightening statistics I am suggesting that smokers are knowingly or maliciously inflicting such health risks on their colleagues. I simply bring it to their attention, as well as to the attention of non-smokers, to persuade them that—

Senator McElman: I am glad you gave us that explanation.

Senator Frith: So am I. I make it for the reason that I mentioned; namely, that I think this question of health is a matter for consideration for all honourable senators, be they smokers or non-smokers.

I have referred to the *New York State Journal of Medicine* and the fact that there is no apparent way to solve the problem other than to simply eliminate the source; namely, smoking.

I have two other short comments to make. One, for such use as it might be since, obviously, it is not a reason in itself—it is only something that is relevant to the question—is that in the United Kingdom smoking is not permitted in committees. My reference is *May's Parliamentary Practice—20th Edition* at page 672. It is also interesting in that it points out the company that smoking prohibitions keep. It reads:

> Rules of debate. The rules observed by the House regarding order in debate are followed in a standing committee, as also are the rules relating to the preservation of order, decency, and harmony among the Members.

I take it that is a useful description of a reason—

Senator Doody: Is non-smoking enforced as stringently as the harmony part?

Senator Frith: I do not think that it is a matter of enforcement. Rather, harmony is the objective, the motivation.

Senator Doody: Ah.

Senator McElman: And an antidote against loss of memory.

Senator Frith: Exactly, against loss of memory, loss of concentration and other ambulatory functions.

Senator MacEachen: And nausea.

Senator Frith: And all others of the same genus. *May* continues:

> Accordingly, members of a standing committee address the Chair standing, and may not refer to other members by name—

That does not apply to us.

> —or smoke or read newspapers unless relevant to the bill before the committee—

Senator Phillips: I agree with that one.

Senator Frith: How about this one:

> —or attempt the solution of crossword puzzles—

Senator Phillips: Sometimes they may be more interesting.

Senator MacEachen: That is not in *May*.

Senator Frith: Yes it is, and I am not through yet. That is what I was talking about when I mentioned the interesting company that non-smoking regulations keep. *May* goes on to say:

> —or listen to radios or distribute propaganda literature or bring refreshment into the room.

Senator Phillips: Oh no, there goes coffee at committee meetings.

Senator Doody: No more coffee.

Senator Phillips: No more free lunches for you.

Senator Frith: So, for whatever help that might be, honourable senators, I add it to the underpinnings of the case I make for this motion.

• (1540)

I have already made a plea for unanimity. I hope that all honourable senators will support this motion, which is simply to prohibit any smoking during Senate committee meetings. I may also say that I support and agree with the experienced senators, such as Senators Molson, Roblin and Molgat and others, who feel proud, as I do, of the fact that we conduct our proceedings in the Senate and in its committees with a minimum of rules; in other words, we are not anxious, normally, to provide black letter prohibitions or directions for the conduct of Senate business, be it in the chamber or in its committees.

I have noticed that concern has been shown, since the evidence has become more widely recognized, for the danger of smoke to the health of non-smokers, and for the comfort of non-smokers, by many senators who are smokers. They have stopped smoking during committee meetings or, at least, have reduced the number of cigarettes smoked.

It may be that the solution is not to amend the Rules of the Senate, but simply to accept this as a tradition or have some undertaking or understanding that we will simply not permit smoking during committee meetings. It can develop as a precedent and a tradition rather than as a black letter rule. But it seemed to me that to use that method to bring about the result was not possible without at least suggesting a rule change. It may be, as I have said, that we do not need to change the rules, but if we do, then I ask all honourable senators, smokers and non-smokers, to support this motion.

Hon. Orville H. Phillips: Honourable senators will recall that on a previous occasion I have given the Senate the benefit of my views on televising proceedings. I am sorry I did not agree with that because I would like to have a video tape of the speech just made by the Honourable Senator Frith.

Senator Frith: I will repeat it.

Senator Phillips: I would have him sit in a corner and listen to it again.

Before replying fully to the honourable senator's remarks, I should like to have the benefit of reading his speech in *Hansard,* because when giving very scientific descriptions of his experiments with fleas, I had a feeling he was calling Liberal senators who serve on various committees fleas. I am sure I must have misinterpreted him.

Senator Frith: I think you are on safe ground there.

Senator Phillips: I should like to have the benefit of reading his long and rather tiresome speech before replying. So, honourable senators, I move the adjournment of the debate.

On motion of Senator Phillips, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, January 30, 1986

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

Prayers.

[*Translation*]

YOUTH

ABOLITION OF KATIMAVIK—MOTION TO ADJOURN UNDER RULE 46(g) FOR THE PURPOSES OF RAISING A MATTER OF URGENT PUBLIC IMPORTANCE

Hon. Jacques Hébert: Honourable senators, before we proceed with the Orders of the Day, I move, pursuant to rule 46(g):

> That the Senate adjourn for the purposes of raising a matter of urgent public importance concerning the youth of our country.

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

Hon. Senators: Agreed.

Senator Hébert: Honourable senators, yesterday the youth of our country was both shocked and appalled at the news that the government had signed Katimavik's death sentence.

An Hon. Senator: Shame!

Senator Hébert: I was still in shock when I wrote an open letter to the Prime Minister, hoping to make him change his mind. I am an incorrigible optimist. I have faith in man . . . Well, honourable senators, I thought I would let you be the first to know the contents of this letter, this message in a bottle, as it were . . .

Prime Minister, I was very sad to hear about your government's unfortunate decision to do away with Katimavik, a non-governmental organization—financed by the Department of the Secretary of State—which offers the only national youth volunteer service in Canada. My disappointment is not about the fact that, together with many eminent citizens of our country,—from all parties!—I helped to the best of my ability to build a Katimavik that this year will be celebrating its tenth birthday. That does not matter so much—big boys don't cry. I am sad and disappointed on behalf of the 20,000 young Canadians who have been able to take advantage of this program and their 20,000 families who are grateful for what happened to their son or daughter. Recently, a father wrote me the following, and I quote: "I was absolutely desperate when I saw my son without a job, without any motivation to get an education, just drifting through life. After Katimavik, I hardly recognized him he had changed so much. He is working, he has gone back to school and wants to make something of his life. Thank you!"

• (1405)

[*English*]

In 1985-86, for the last time, 2,000 young Canadians, equitably selected from across the whole country and constituting a cross-section of the various ethnic groups and social classes, will have benefited directly from Katimavik for a period of nine months.

These young people will acquire working methods that are new to them; learn a variety of trades; and discover of fresh motivations that will give direction to the rest of their lives. To varying degrees, they will become bilingual. For the first time in their lives, thanks to their warm reception in those communities who appreciate their contribution, they will understand that society does not reject them and that there is a place for them in the adult world.

In addition, these 2,000 young people will gain an in-depth acquaintance with three different regions of their vast country, one of the three being French-speaking. They will become truly integrated, working with the population on community projects; fraternizing with the local young people; and living for some weeks with a family in the community.

As each group of 12 participants is, in itself, a cross-section of Canada's socio-demographic reality, young people who would otherwise never have met will have the opportunity of forging what promise to be life-long friendships. How promising for the future of Canada—this country which suffers from "too much geography" but where the problems among regions and linguistic groups dissolve automatically as soon as individuals have a chance to really get to know each other.

Do you realize that, Mr. Prime Minister?

The achievement of Canadian unity will always be a challenge for the federal government. The only effective way is to ensure an ever-increasing number of personal contacts and bonds of friendship among young Canadians. For those who are older, it is often too late! In this, Katimavik has been a resounding success for the 20,000 young participants who have been through the program up to now. If that number were increased appreciably over the coming years, we could be sure that Canada would become a model for the rest of the world; a fraternal people living in peace and harmony. Do we have the right, on the pretext that times are hard—and how hard they are for the young!—to pass up this marvellous investment in our future?

[*Translation*]

And, Mr. Prime Minister, what about the thousands of youths who have already applied for the 1986-87 program and to whom you have just said: "No. It is over! Reducing the

deficit is more urgent than giving hope to a few thousand youths a year . . .". Mr. Prime Minister, try to imagine their disappointment, their frustration, not to mention that of their parents and of the 150 towns and villages in Canada that looked forward to their voluntary work to carry out community projects which are deemed essential.

[*English*]

Honourable senators, I will now give you just a few figures. In over nine years, the Katimavik groups have carried out community work projects in at least 1,500 towns and villages, penetrating the most isolated corners of every province, not to mention the Yukon and the Northwest Territories. Overall, this means that perhaps 10,000 other individuals took part directly in the programs. They range from mayors, municipal councillors, priests, ministers, managers of co-ops, directors of YMCAs, hospital personnel, those working in homes for the handicapped, and so on—in short, the most dynamic citizens of these 1,500 communities.

Thanks to the young Katimavik volunteers, they have been able to carry out projects which would have been impossible without this contribution of free labour. I am referring to projects such as the restoration of historic buildings and the planting of trees etc. One million trees were planted between May 6 and May 12, 1984. They were also involved in the de-pollution of streams; the development of parks; the ecological trails; the transformation of former schools into community recreation centres, and so on, all of this in addition to the time—25 per cent of it—devoted to social work in hospitals, homes for the aged, centres for the handicapped, et cetera. Again strong bonds were created between the sponsors and the groups of participants with whom they worked for nine months.

[*Translation*]

In short, people are enthusiastic about Katimavik youths but, since yesterday, they are furious as a result of your government's untimely decision!

● (1410)

[*English*]

Furthermore, Katimavik is a program that is unique in the world, being one of which Canadians are proud, and justly so. It is the envy of a large number of foreign countries—among them, for example, Australia, Ireland, Indonesia, the Philippines, India—all of which are envisaging the creation of their own programs based on the original model of Katimavik.

On the occasion of the Versailles Summit Meeting, President Reagan expressed a desire to organize exchanges between the young people of his country and Canada. His personal representatives, quite naturally, got in touch with Katimavik, and since 1983, Katimavik has had an exchange program with the California Conservation Corps, which has been very successful.

Further, following long consultation with Katimavik, Mayor Edward Koch of New York last October launched a New York City Demonstration Project, largely inspired by the Katimavik program.

Another example of the international recognition given to Katimavik was the honour it received in June of last year at the United Nations in New York when it was awarded the United Nations Environmental Program Medal in recognition of its outstanding efforts with respect to the protection of the environment.

[*Translation*]

Mr. Prime Minister, they say—and this is nothing to be ashamed of—that you want to be loved. That is why I have a hard time understanding a decision that will bring down on your head the reprobation of tens of thousands of Canadians who will never forgive you for this, never!

Your minister, the Secretary of State, seemed to be an intelligent and sensitive man. I think he felt pretty miserable yesterday afternoon when he had to announce this incredible decision to me, as well as to the President of the Board and the Director General of Katimavik. I got the impression that he was reluctantly carrying out someone else's orders, and that if you asked him, maybe . . . after all, in the heat of battle, governments sometimes make hasty decisions, and there is a certain dignity in admitting one's mistakes.

I feel I must give you some advice . . . I suppose you will say you do not expect good advice from a Liberal senator, regardless of his lack of partisanship. Nevertheless, I would like to try. My advice is as follows: Before declaring that your government will not reverse its decision, consult with your members. Your own members! Unlike your ministers who are far more absorbed by the business of government, they remain closer to the realities of daily life. Everyone of them knows at least one young person in his riding whose life has changed, thanks to Katimavik. Many have had a chance to appreciate the extraordinary work accomplished by these young people in a municipality in their constituency.

A few hours ago, I took the liberty—John Turner, will you ever forgive me—of speaking to five or six of your members. They all said they were astonished and shocked at the decision to get rid of Katimavik. In fact, it was the first news they had because they were not aware of what had happened. I don't know what the others think, but I am optimistic. So, Prime Minister, how about a step in the right direction, a truly democratic gesture: Ask the opinion of your members, these men and women who know what is going on in the real world . . . I am sure they will tell you that Katimavik must continue to exist.

Hurry, because from now on, I am going to be an indefatigable lobbyist. I will follow your members around like a lovesick swain. I will tell them about my passion. I will implore and beseech and coax them. I will wear them down. They will realize I have no political ulterior motives, that I will fight until my dying breath, because I firmly believe with all my heart that Katimavik must continue to offer hope to 2,000 young Canadians every year, or better still, 10,000 or 50,000.

I asked your minister, "Do you have a better idea than Katimavik up your sleeve? Do you have a program that will

provide an even better response to the deepest aspirations of young Canadians?"

He answered: "Out of the ashes of Katimavik another program will rise." I said, politely, that did not sound very convincing.

"Are you one of those people who think Katimavik costs too much?" I asked again.

"Indeed I am," your Minister answered, "19 million for 2,000 young people."

Wrong, wrong, wrong! I agree that $9,450 per participant for nine months may seem like a lot of money. A student costs about the same, a soldier $17,500, while an inmate in a penitentiary costs $26,000, and so on. To calculate the true cost of a Katimavik participant, we should subtract what some of these young people would otherwise cost the State in unemployment insurance benefits, welfare, and so on, and subtract as well what our young volunteers contribute to their communities. A recent study made in September 1984 by an independent firm, Econosult-Lavalin, established that in the last four years alone, Katimavik participants had set up extremely useful projects worth more than $60 million.

"What young people want," said your minister, "are real jobs."

I agree! I could not agree more. Ideally, we should create 750,000 jobs for 750,000 young people who are now unemployed, while there are also 750,000 adults who have a right to work. But that is impossible, even if we doubled the deficit. Until the economic situation gets better, we will have to live—what a shame—with an outrageous number of unemployed youths. What remains possible and essential is at least to offer alternatives to unavailable jobs, and Katimavik happens to be one of those alternatives, one which for nearly ten years now has had overwhelming support in this country.

Mr. Prime Minister, I do not really know you. Like all Canadians I watch what you do. You often irritate me, but now and then I can hardly resist your seductive approach, and so I tell myself: "Well now, the man has his faults, but his heart is in the right place." Right now that is my only hope: You are generous and, with a smile on your face, you will say: "My government did take a somewhat hasty decision. The Secretary of State is making a scientific assessment of Katimavik. We will wait for the results of that assessment before making a decision about its future. At least, the thousands of young Canadians who were looking forward to Katimavik projects this year will not be disappointed." "Thank you!" Those are the two words you will hear from everywhere, the appreciation of young Canadians who will be grateful to you because they will not have to join the ranks of the "lost generation," the appreciation of their anxious parents and of the mayors of 150 Canadian communities who welcome the contribution of our young volunteers.

Mr. Prime Minister, that is what you have to do if you want people to like you!

Sincerely yours.

[Senator Hébert.]

[*English*]

Hon. Royce Frith (Deputy Leader of the Opposition): Your Honour, I believe that the mover of the motion, in accordance with our normal procedure, now has leave to withdraw the motion if there is no further debate on it.

Senator Hébert: Honourable senators, I now move, with leave, that this motion be withdrawn.

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

Hon. Senators: Agreed.

Motion withdrawn.

• (1420)

LEGAL AND CONSTITUTIONAL AFFAIRS

STUDY OF SUBJECT MATTER OF BILL C-67 AND BILL C-68—COMMITTEE REQUEST FOR AUTHORIZATION TO ADJOURN FROM PLACE TO PLACE

Hon. Nathan Nurgitz, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, January 30, 1986

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

FIFTEENTH REPORT

Your Committee, to which was referred the subject-matter of Bill C-67, intituled: "An Act to amend the Parole Act and the Penitentiary Act" and the subject-matter of Bill C-68, intituled: "An Act to amend the Parole Act, the Penitentiary Act, the Prisons and Reformatories Act and the Criminal Code" recommends that it be empowered to adjourn from place to place in Canada for its examination of the aforementioned legislation.

Respectfully submitted,

NATHAN NURGITZ
Deputy Chairman

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

On motion of Senator Nurgitz, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

ADJOURNMENT

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

That when the Senate adjourns today, it do stand adjourned until Tuesday next, February 4, 1986, at 2 o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

YOUTH

KATIMAVIK—CANCELLATION OF PROGRAM—GOVERNMENT POLICY

Hon. B. Alasdair Graham: Honourable senators, I direct my question to the Acting Leader of the Government. I believe that all honourable senators share a sense of shock, a sense of loss, a sense of sadness and, perhaps, a sense of shame upon hearing of the cancellation of the Katimavik program, which has just been revealed to us in such an eloquent way by Senator Hébert.

By way of a brief preamble, I want to say that I share the views of Senator Hébert and I hope that all honourable senators will join together in convincing the government—especially the Prime Minister—that this is a program which has served Canadians, particularly young Canadians, very well in the past and that it should continue to do so in the future. I have personally visited Katimavik projects in many parts of the country. I have had an opportunity to share with young people the satisfaction that they have experienced in some of the excellent projects they carried out. We have all seen the beneficial effects that the program had on thousands of young Canadians.

I ask the Acting Leader of the Government whether he was aware that this announcement was forthcoming. Is the program beyond salvation? Was its cancellation the result of a deficit-cutting measure or did the government determine that it was a program which was no longer useful?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I know very little about the rationale involved in this decision. I understand from Senator Hébert's statement that it was, indeed, part of the cost-cutting process of government. I would have to refer to the minister responsible to try to provide other information to the honourable gentleman.

Senator Graham: I presume that this announcement comes as just as big a shock to the Acting Leader of the Government as it does to all honourable senators in the chamber. Would he determine the reasons for the cancellation of the Katimavik program? Would he determine what sort of consultation took place with the Katimavik officials, with a representative group of those thousands of young Canadians who have benefited over the years from that program, and, indeed, with members of Parliament, even of his own party? What alternatives can be brought forward with respect to Katimavik? Will the deputy leader also undertake to bring to the attention of the Prime Minister the concerns of members of this chamber with respect to the cancellation of that great program?

Senator Doody: Honourable senators, I shall take the question as notice and try to get as much information as I possibly can, as I indicated a moment ago. As for bringing the concerns of the members of this chamber to the attention of the Prime Minister, I think that Senator Hébert's open letter will express them a great deal more eloquently than I can.

JUSTICE

CANADA COMMISSION OF INQUIRY ON WAR CRIMINALS—COST AND SCOPE

Hon. Stanley Haisdasz: Honourable senators, I would like to ask of the Deputy Leader of the Government in the Senate: In view of the fact that the government has extended to June 30, 1986, the term of the Deschênes Commission of Inquiry into possible Nazi war criminals still living in Canada, would he inform this chamber as to how much it has cost the taxpayers to conduct that inquiry from its beginning to the end of 1985 and what funds have been approved for the commission to continue its inquiry from January 1, 1986, to June 30, 1986?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I shall take the question as notice.

Senator Haisdasz: Honourable senators, I have a supplementary question. In view of the fact that the Government of the U.S.S.R. has refused to meet the conditions set out by Justice Deschênes with regard to questioning witnesses and other people in that country who apparently have information on the so-called Nazi war criminals in Canada, would the deputy leader inform this house as to whether the government thinks it is worth while for the commission to pursue its inquiries outside Canada?

Senator Doody: Honourable senators, I shall take that question as notice as well and shall obtain whatever information I can.

YOUTH

CANCELLATION OF PROGRAMS—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, following on the comments of Senator Graham, I, too, was amazed to learn today that the life of Katimavik was about to come to an end. As honourable senators know, a special committee of this house will be reporting at the end of next month as a result of public hearings on the question of youth and employment across this country.

I wonder if the Deputy Leader of the Government in the Senate will, at the very least, try to persuade his colleagues in the cabinet to withhold cancelling programs such as Katimavik and perhaps others until the government has had an opportunity to read the committee's report.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, as I indicated to Senator Graham, I shall attempt to get whatever information I can,

including the rationale behind the government's decision to abolish this particular program. I have no idea of the content of the report. I have not seen it. As to whether or not I can influence the government to withhold its decision, I have some reservations. However, I shall express the wishes of Senator Fairbairn in that respect.

FISHERIES AND OCEANS

PRODUCT INSPECTION STANDARDS

Hon. Eymard G. Corbin: Honourable senators, I wish to follow up on a question I put to the Deputy Leader of the Government in the Senate yesterday and simply ask him, since he knows what I am referring to, if he has any new information today.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have some information on the St. Andrews tuna situation. I do not think that it is very new, but I am only too happy to pass it along.

• (1430)

On December 19, the minister responsible tabled in the House of Commons an extensive statement on measures taken to ensure the quality of Canadian canned fish. He stated at that time that the quality of fish products in Canada must be above reproach and that he would take immediate measures to assure Canadian consumers that the quality of every Canadian fish product shall be beyond question. He initiated at that time a comprehensive review of all procedures, quality standards and regulations pertaining to inspection and approval of canned fish products produced or sold in Canada and announced that, if necessary, he was prepared to introduce amendments to the Fish Inspection Act and to strengthen the Department of Fisheries and Oceans inspection practices.

Honourable senators are, of course, aware that the tuna incident reflected on the perception of the fishery standards in Canada generally—and to what degree we do not know—and he was concerned, of course, that the sales of other canned fish products such as salmon, crab, trout, et cetera, could very well be affected. Therefore the minister implemented the following measures immediately. He ordered the meticulous examination of all canned tuna products produced in Canada and presently on shelves in Canadian stores. He ordered that samples of canned tuna products being packed in Canada be withdrawn from retail shelves and distribution centres across Canada. He ordered that the lot numbers of products on the shelves or in inventory are to be checked against the lot numbers that were recalled in September of 1985 and that legal action would be initiated, if warranted. He has ordered that steps be taken to ensure that the quality standards for canned tuna meet or exceed those in effect prior to June, 1985.

Instructions have been given to the officials to implement immediately new inspection procedures, ensuring that samples are drawn and analysed from every production lot of canned tuna at the plant of origin. An immediate and detailed review of the inspection procedures and standards applied by the Department of Fisheries and Oceans officials at the Star-Kist plant over the past three years has begun.

[Senator Doody.]

On January 9 the minister announced that, in accordance with his statement of December 19, federal fish inspectors are sampling and analysing canned tuna products in Canada now in warehouses and retail outlets. Products failing this rigorous examination process are being removed from distribution and detained by the department, while those confirmed as meeting Canadian standards are being returned to the market forthwith. Consumers will thus have the assurance that the Canadian canned tuna they purchase complies with the national standards for quality.

To facilitate the work of his inspectors, the minister is requesting the co-operation of all tuna brokers and retailers and this, of course, will help ensure that acceptable product is returned to the market within the shortest possible time. All cans being detained are also to be checked to ascertain whether they are from production lots recalled in September and December of 1985. To date, no new cans from these recalled lots have been found in distribution.

With regard to the rejection of the further 49,000 cans of Star-Kist tuna submitted for inspection during the first week of January, we are told that the tuna in question was inspected in accordance with established measures and procedures that apply equally to domestic and imported products, and was found to be unacceptable in terms of odour and flavour.

The minister also announced that Dr. Alex Morrison, head of the Food Science Department of the University of Guelph has agreed to head up a detailed review of inspection procedures and standards applied by the Department of Fisheries and Oceans officials at the Star-Kist plant in St. Andrews, New Brunswick over the past three years. Dr. Morrison is one of Canada's foremost food scientists. The minister has said that the measures taken should not only ensure that Canadian consumers maintain confidence in the federal inspection system, but should also help to rebuild the good reputation of the St. Andrews tuna canning plant and reinforce the positive quality image of the Canadian fishing industry.

The Department of Fisheries and Oceans is now awaiting Dr. Morrison's report. In addition, the joint industry-government body appointed when this issue first came up is continuing to meet. The government is working towards re-establishing confidence in the product of the St. Andrews plant for the future health of the industry. The Star-Kist company has not informed the government of any plans for prolonged closure of the St. Andrews plant.

Honourable senators, that is the information I have on the situation up to date. I should add that I note this morning in a newspaper article that some 3,000 tonnes of frozen product has been shipped to Cuba and Europe for processing. That, to me, is not very encouraging in terms of a very fast re-opening. I might say that that plant has been opened and closed again since the incident, and I know this must have a devastating effect on the morale of the community and on the employment rate in that part of the country. It is a situation that I am not

completely unfamiliar with. I might say to honourable senators that these one-industry towns are all very vulnerable.

I regret that the information I have is not more encouraging, but that is all that was available to me at this point.

Senator Corbin: I would like to thank Senator Doody for his prompt action in answering my inquiry of yesterday. It is much appreciated.

AGRICULTURE

SUGAR-BEET INDUSTRY—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, in view of the prompt response to Senator Corbin's question, I am prompted to leap to my feet immediately to ask Senator Doody whether he has any word for us on the future of the sugar-beet industry as a result of any cabinet considerations today.

Hon. C. William Doody (Deputy Leader of the Government): Unfortunately, senator, I do not. I made some inquiries this morning and requested that I be given some information for this afternoon in anticipation of such a question. Unfortunately, I was not able to secure anything, but I will try again tomorrow.

YOUTH

CANCELLATION OF PROGRAMS—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, as were my colleagues, I am absolutely shocked to hear about the cancellation of the support of the federal government for the Katimavik program. Since the government is prepared to cut from the programs this jewel that gives some measure of support to Canadian youth who have few opportunities to learn about this country, I would like to ask the Acting Leader of the Government in the Senate what other programs in support of youth are about to be cut.

Specifically, since you are obtaining information on other things, can you tell us what will happen to the Minister of State for Youth programs? Can you tell us whether there are any plans to cut student loan programs, or if there are any plans in terms of cuts with respect to the summer programs? Can you also tell us whether any of the other Secretary of State support programs to volunteer groups across the country such as the Youth Parliament and the various youth associations are also to be cut?

Hon. C. William Doody (Deputy Leader of the Government): To the best of my information, no other cuts are forthcoming. Certainly, I have not been informed of any.

As to what will happen to the Minister of State, I have no idea. I did not know the minister was in difficulty. In any event, these programs are not being cut any further than the present announcement, to the best of my knowledge.

Senator Marsden: I have a supplementary question, honourable senators. I think it is quite clear to all the members of this chamber that you were not aware that Katimavik was about to be cut. I must say that it has certainly come as a real shock to all of us, and so it is conceivable that there may be cuts in programs that you have not yet heard about and I hope that you will make your best efforts to discover whether there are consultations under way for such cuts.

Senator Doody: I would be the first one to modestly admit that there are indeed things going on in this country that I am not aware of.

Senator Frith: What?

Senator Doody: I know it is a shameful thing to admit, but there it is.

FAMILY ALLOWANCES

DE-INDEXATION—PETITIONS AGAINST BILL C-70—NUMBER AND DISPOSITION

Hon. B. Alasdair Graham: I have a question with respect to a matter of which the Acting Leader of the Government in the Senate may also not be aware. I should say at this time that I appreciate the fact that he is aware of most things that are happening in this country by the manner in which he so capably serves this chamber as Deputy and now Acting Leader of the Government.

I would like to ask a question relating to Bill C-70. Would the Acting Leader of the Government determine for us how many individual and group petitions were received by the Prime Minister objecting to Bill C-70? Secondly, how many of those petitions were presented to the House of Commons and what ultimately was the disposition of those petitions?

Hon. C. William Doody (Deputy Leader of the Government): Is my honourable friend referring to the situation as of the current date? I will certainly ask for the information he has requested.

Hon. Lorna Marsden: I have a supplementary, honourable senators. While you are obtaining the information about these petitions, I wonder if you could tell us, of the number of those petitions presented by the Prime Minister to the House of Commons—if indeed there were any—what proportion of those petitions by Canadians who added their voice against this change to Bill C-70 were, in fact, heard in the House of Commons?

Senator Doody: I am sorry, I am not sure I quite follow you.

Senator Marsden: I quite understand. I did not put that question very well. I apologize. Let me try again. If the Prime Minister received more petitions than he presented in the House of Commons, I would like to know what proportion of the actual number of petitions were presented to the House of Commons in relation to the number he received altogether.

Senator Doody: I will try to find that out.

ENERGY

OIL-PRICING—GOVERNMENT POLICY

Hon. H. A. Olson: Honourable senators, I would like to ask the Acting Leader of the Government in the Senate whether

he can give us a report today on what the government intends to do with respect to the energy projects that are being cancelled or put in jeopardy day by day. I asked him this question yesterday and, indeed, sometime last week, but, as the honourable senator knows, Senator Roblin gave an indication that they were watching the situation. I wonder if the government has decided to do something a little more positive than just watch.

● (1440)

Hon. C. William Doody (Deputy Leader of the Government): I can only say that, obviously, the government is most interested in seeing that as many of these projects go ahead as possible. I do not think it is a situation that the government can control completely at this point or at any point. I know the honourable gentleman opposite has had more experience in this particular field than, perhaps, any of us here. As I mentioned yesterday, he had great hopes for a tremendous number of "mega projects" as he used to call them. We all looked forward to them with great enthusiasm. I sincerely hope that, during the current economic era, we can see a greater success ratio than we have seen over the past few years.

The LNG situation in western Canada was limping along for some time and has now fallen through. They just cannot reach an agreement, which is viable or reasonable, with the potential customers. Some of the other programs and projects that are on the books, I imagine, would depend, to a large degree, on the oil-price situation.

Senator Olson is as aware or perhaps more aware of the volatility of that situation than any of us. There is a level below which oil prices cannot go and still make some of these projects viable. The current price, I think, is getting close to that level, but, fortunately, at least in the case of Hibernia, it has not reached that level, and I hope it never will.

The current oil-price situation may not be a permanent one. I suspect that it will not, but what the time frame of the decline will be I honestly cannot say and I do not think anyone can. It may be months and it may be a matter of some years.

In any event, to respond to the question concerning what the government is doing about the situation, other than looking at it, I would respond by saying that I can assure the honourable gentleman that the government is very concerned about it and will take every step that it possibly can, short of direct intervention, to make sure that these situations are approached in a positive fashion and that help will be forthcoming to the private sector, because it is a private sector situation.

Senator Olson: The honourable acting leader finally got around to giving us some partial reply, but, as I understood him, he really did not say anything.

Senator Doody: That is what I tried to do.

Senator Olson: I suspected that is what he tried to do.

Senator Doody: It is called "survival."

Senator Olson: I take it, then, that we can report to the people in the industry and, particularly, to people whose jobs

[Senator Olson.]

are directly dependent on this, that the only action they can expect from the government is that it will refrain from making any predictions and will sit back and watch and that is all that can be expected from this government.

Senator Doody: The honourable gentleman can speak to the representatives of the industry at any time he wishes and he can tell them anything that he sees fit. The situation is evolving day by day, and I am sure it will change day by day. As much as we can, we will try to keep the gentleman up to date on it, and he can convey the appropriate messages to whomever.

Senator Olson: Trying to keep us up to date is not comforting to people whose jobs and whose whole incomes are in jeopardy. Whether they are representatives of the industry or those who pretend they represent the industry is of no great concern to me. In fact, there are several thousand people whose jobs and livelihoods depend on whether or not the government is going to govern or if it is going to simply sit back and watch and try to keep me up to date from time to time. That is pretty cold comfort if you are anticipating a complete loss of the economic sector involved as a result of this.

I would hope that the honourable deputy leader would not try to confuse the issue still further. I am asking him directly and as simply and clearly as I can if the government has any plans or has any interest in making some plans other than sitting back and reporting on watching.

Senator Doody: I do not contemplate the closing down of an entire industry sector, as the honourable senator has suggested. I can assure him that that is very unlikely to happen. I can also assure the honourable gentleman that the government is quite concerned and interested, and, if anything of interest develops, the information will be passed along.

Senator Olson: As has been indicated, a Syncrude project cannot, obviously, go ahead without prices somewhere in the $25-per-barrel range. Indeed, several other large extraction plants from the tar sands and the upgrading of the heavy oil require price levels somewhere in the $22-$25 range.

Are we to take it from the government's reply, and since there is no action by the government, that those projects are going to either die or remain in jeopardy?

Senator Doody: I would not draw that conclusion.

Hon. Thomas H. Lefebvre: Honourable senators, my question is also related to the energy sector of our economy, but to the extent that it concerns the retail level.

The Deputy Leader of the Government in the Senate will know that after some weeks of questioning and pressure the Minister of Energy, Mines and Resources, the Honourable Pat Carney, has changed her original answer and has decided to write to the oil companies in Canada to see if something can be done to give the consumers of Canada the benefits of the rapidly falling price of oil on the international market so that these reductions would be reflected rapidly to the retailer and to the consumer at the gas pumps.

Would Senator Doody undertake, on behalf of this chamber, to ask the minister to table the letters which she has addressed to these companies and, also, to table the answers that will be given so that senators and Canadians in general will be aware of not only the request but of the answers given by these oil companies?

Hon. C. William Doody (Deputy Leader of the Government): I will certainly ask the minister for these documents. Whether they will be forthcoming or not, I cannot make that commitment, but I will certainly ask for them.

Senator Lefebvre: I thank the honourable gentleman for that answer. I am glad he will follow up my request. I believe the majority of senators and, indeed, the majority of Canadians are anxious to get answers, because it is very noticeable that, in this country—as was mentioned by the Minister of Energy, Mines and Resources—it seems to take anywhere from 60 days to 90 days for the consumer to benefit from a lowering of prices while just across the border, apparently, in a few days a downward cycle is reflected in the price to the retailer and to the consumer. Would the honourable deputy leader also ask for answers on this particular aspect?

Senator Doody: To make sure I understand the senator correctly, would he like a comparison of the Canadian and American retail marketing systems?

Senator Lefebvre: Yes. I think all Canadians would be interested in knowing why it is that in a much bigger market it takes only a few days to reflect prices at the pumps, particularly on a downward trend as is happening now, and that in a much smaller market in Canada, which is ten times smaller, it can take from 60 days to 90 days. I think there is a general interest among Canadians to find out why it takes much longer in this country, in a smaller market, to reflect prices than it does across the border in the U.S. where the market is ten times greater.

Senator Doody: I will certainly try to get that information from the department.

The honourable senator and I attended a meeting this morning in which we heard some statistics and explanations from a member of the industry. I believe, however, that the honourable gentleman is asking for a departmental explanation, and I will certainly try to get that for him.

PARLIAMENT

CAUCUS ROOMS AND MEMBERS' OFFICES—ELECTRONIC EAVESDROPPING

Hon. M. Lorne Bonnell: Could the Deputy Leader of the Government in the Senate assure this chamber that no longer does the Deputy Prime Minister bug the Liberal or the NDP caucus, as he admitted he did in the 1960s? He listened every Wednesday and he heard "word for bloody word" what was said. Can the acting leader assure us that the Deputy Prime Minister, or other members of the government, are not bugging the NDP caucus meeting rooms, Liberal caucus meeting rooms or private rooms?

• (1450)

Hon. C. William Doody (Deputy Leader of the Government): I was not aware of the fact that the Deputy Prime Minister had bugged any rooms; in any event, if he did, one could certainly not entrust secrets to a better man—I am sure there would be no leaks.

In any event, I will certainly ask him to please cease and desist, if he is still up to that sort of thing.

I am not saying for a moment that he ever was—

Senator Olson: He admitted he did.

Senator Doody: Senator Olson has said he admitted that he did. Well, everybody needs a hobby, I suspect, but that one does seem to be a bit peculiar.

Why he would want to know what was going on in either of those two caucuses baffles me. But in any event, I will certainly pass the request on to the honourable gentleman and ask him not to do that again.

Senator Bonnell: Honourable senators, it is not that I do not want the Deputy Prime Minister to do it again, I do not want anybody in Canada to do it again. I particularly want to know if it is now being done unbeknownst to us, because, if it is, as far as I am concerned, someone is breaking the law. I have my doubts whether someone who appears to have broken the law should be a Privy Councillor, and I have my doubts whether that person should be in the cabinet entrusted with the portfolio of Minister of National Defence because the nation's trust is placed in the man who holds that position.

I should like to be assured—and I know the acting leader cannot do it, but I ask him to look into it—that my office is not being bugged, and the Liberal caucus room is not being bugged every Wednesday, by the government.

The Deputy Prime Minister has admitted that he did that; that admission is on tape. I want to make sure that he has stopped, and that nobody is breaking the law of Canada by bugging my office or the Liberal caucus.

Senator Doody: I sympathize with the honourable gentleman's dilemma, but I am not sure I know what it is he wants me to do. I cannot give the honourable senator an assurance that nobody is doing that in Canada. Perhaps we could ask the Internal Economy Committee of the Senate to conduct a sweep of the offices to determine if any of these listening devices have been planted. I certainly would not object to that.

I do not imagine that there is any listening device planted in my office because I cannot imagine anyone having the time or energy to listen to the conversations that go on there. Nevertheless, if honourable senators want their offices swept, that request can be made.

As for a guarantee that nobody in Canada will ever do that, I do not think the honourable senator can really expect me to guarantee that. I cannot certify that some 20 million-odd Canadians are not malicious or mischievous. I do not think I am in a position to state that.

Senator Olson: Tell us about the Deputy Prime Minister.

Senator Bonnell: Honourable senators, I am not asking him to guarantee that nobody in Canada is going to do that; I understand that that is impossible.

I want to be told that the government is not doing that; I want somebody in government to say that it is no longer its policy to listen every Wednesday to what is taking place in the Liberal caucus room and in the NDP caucus room "word for bloody word." That, as far as I am concerned, is a criminal offence, and I should like to be assured that this does not happen in this Parliament. I should like to be assured that this government's policy is not to bug caucus meetings. I want this matter brought to the attention of the government and I want an assurance that it is not this government's policy to bug the offices of senators.

Senator Doody: I will certainly pass the request on to the appropriate authorities. I do not know what we can do. In the meantime, I guess we will have to be very circumspect. I will do what I can for the honourable senator.

Hon. Stanley Haidasz: Honourable senators, my question is for the Acting Leader of the Government. I should like the acting leader to inform this chamber if any investigation has been made by experts to ensure that the present electronic communications system in the Parliament Buildings and the telephones are not susceptible to eavesdropping.

Senator Doody: I really cannot answer that question. Once again, that can be referred to the Internal Economy Committee so that proper assurances can be received from the people responsible for the installation and maintenance of the systems.

Quite honestly, that has not crossed my mind, but perhaps one of the Senate committees could look into the matter when discussing the communications, or lack thereof, that we have in the building at the present time.

CAUCUS ROOMS—ELECTRONIC EAVESDROPPING—PRIME MINISTER'S REACTION

Hon. Royce Frith (Deputy Leader of the Opposition): I wonder if while making these inquiries the Acting Leader of the Government will ask, in view of the admissions made by the Deputy Prime Minister of his really unbelievable behaviour, whether the Prime Minister has asked for his resignation.

Hon. C. William Doody (Deputy Leader of the Government): I certainly have no intention of asking the Deputy Prime Minister for his resignation.

I may be brave, but I'm not that brave.

Senator Frith: I only wish you had the power to do so. Because, knowing the sense of propriety and the strong moral fibre of the Acting Leader of the Government, I am sure he would ask. But that was not my question.

Would the acting leader find out if the Prime Minister—about whose moral fibre I do not make any comment—will ask for the Deputy Prime Minister's resignation?

Senator Doody: I will certainly ask—but from a distance!

Senator Frith: Perhaps over a bugged telephone.

[Senator Olson.]

THE ECONOMY

DECLINE IN VALUE OF CANADIAN DOLLAR

Hon. H. A. Olson: I wonder if I could ask the Acting Leader of the Government a question pertaining to the relative value of the Canadian dollar in the international market. I do so knowing that while they were in opposition, every Thursday afternoon for several months he and Senator Murray asked questions about this. Therefore I know that he had a great interest in it. I hope that that interest has been maintained, because today the dollar hit an all-time low in relation to the American dollar—in fact, it has been doing that for several days. But at 1.45 this afternoon it hit an all-time low of 70.15 cents. I am wondering what the government intends to do about the harmful effects this might have on inflation and other economic indicators.

Hon. C. William Doody (Deputy Leader of the Government): I will take the question as notice and try to get an answer for the honourable gentleman. I do not have an answer to that question with me.

Senator Olson: I thought the honourable gentleman would have an answer because in days gone by he was well versed in this subject and made recommendations to the government as to what it ought to do. He dealt with this on at least a weekly, if not a daily, basis.

Senator Doody: But I discovered after a while that that was completely futile because the government did not listen to me anyway.

RAOUL WALLENBERG

HONORARY CANADIAN CITIZENSHIP—REQUEST FOR ANSWERS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I want to remind the Acting Leader of the Government of a series of questions which I addressed to the Leader of the Government in the Senate some time ago with respect to Raoul Wallenberg, who, by resolution of both houses of Parliament, was made a Canadian citizen.

I wanted to know whether the Canadian government, through the Secretary of State for External Affairs, or the Ambassador in Moscow, had communicated to Mr. Wallenberg that he is now a Canadian citizen and, secondly, whether the Government of Canada had made representations to the authorities in Moscow with respect to this Canadian citizen.

I think this is a very important question not only in itself but because there is a motion on the order paper in the Senate with respect to the proceedings on the day on which the Senate was urgently recalled to pass the resolution making Mr. Wallenberg an honorary Canadian citizen. That motion has been stood at the request of Senator Macquarrie, but in due course it will come up and it would be helpful for me to have answers to those questions before that time.

In any event, I think we ought to know whether that resolution passed by the House of Commons and the Senate was an empty gesture, or whether the Government of Canada

has taken it seriously and has followed up to advance the interests of that new honorary Canadian citizen.

I am really asking the acting leader whether he can try to get me the information which I had asked for previously.

• (1500)

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I will make every effort to get the information for the honourable senator.

PENITENTIARIES

CANADA-ALBERTA AGREEMENT AND MEMORANDUM OF INTENT—REQUEST FOR TABLING

Hon. Earl A. Hastings: Honourable senators, I wonder if I might make an appeal to the Deputy Leader of the Government for the tabling in this chamber of an agreement between the Government of Canada, as represented by the Solicitor General, and the Government of Alberta, as represented by the Solicitor General of Alberta, concerning certain undertakings with respect to corrections in Alberta, as the Canadian government seeks to abandon its responsibility with respect to inmates and have them moved into provincial institutions; also the copy of a letter of intent between the Commissioner of the Correctional Service Canada and the Deputy Solicitor General of Alberta—again with respect to some pretty fundamental changes in regard to corrections in that province, again where the Canadian government seeks to abandon its responsibilities with respect to the National Parole Service, as it destroys that service in the province and again compartmentalizes efforts in the province and destroys the national aspect of parole supervision in Canada.

I have asked for these on two occasions, and I again appeal for those documents to be tabled in the Senate as quickly as possible.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I will certainly make an inquiry of the appropriate department and try to get them for the honourable senator.

[*Translation*]

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Tremblay, seconded by the Honourable Senator Murray, for the second reading of the Bill C-70, intituled: "An Act to amend the Family Allowances Act, 1973".—(*Honourable Senator Marsden.*)

[*English*]

Hon. Lorna Marsden: Honourable senators, I should like to yield to Senator Rousseau.

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

Hon. Senators: Agreed.

[*Translation*]

Hon. Yvette Rousseau: Honourable senators, the main issue underlying this measure concerning the de-indexation of family allowances is nothing other than the objectives of the government in its efforts to change only one of the elements of the federal system of benefits—reduce the deficit and lessen the role of the State.

My remarks today will focus on those objectives which, in my opinion, will hardly be achieved through this measure, but on the other hand the bill will have a strong impact on many families.

I would also suggest that the government, intent as it is on setting its financial house in order through this piecemeal reform of social programs, has simply missed an opportunity to revamp the entire social security structure.

The economic and social costs of de-indexing family allowances will definitely be higher than any tax gains that can be expected. That is one of the main reasons why we must speak out against this piecemeal reform of the family allowances system. The first consequence of this measure will be still more poverty for families and, of course, for women and children who consider family allowances as a necessary source of income. A great many of them impatiently wait for this federal government cheque to buy essentials.

The other consideration we must keep in mind is that, for most women, this cheque in their name is the only income they can call their own. In that respect, I think the government is on the wrong track, and shows how little it understands and appreciates matters concerning women.

Family allowances are paid under a universal program from which all mothers benefit no matter what their income may be. For those mothers whose family income is enough or more than enough, the de-indexation of family allowances will not make much difference.

Naturally, as they are less dependent on family allowances to purchase the necessities of life, they will be marginally less affected by this de-indexation. The same cannot be said about the families for whom family allowances represent a large part of the income, for instance, women with a low family income.

In addition to the direct impact of de-indexation, we have to remember that, since these benefits are included in taxable income, women with a high enough income receive in fact family allowances which are lower, in any case, after taxes.

In summary, not only does the bill penalize women, but it penalizes the disadvantaged. This bill is selective because it is mainly and nearly exclusively aimed at women, and it is essentially regressive because it will affect women with lower incomes more than others.

In principle, unless there are major reasons to justify it, I believe that we should oppose any bill which is overly selective, relatively discriminatory and clearly regressive.

The major reason involved by the government to support this legislation was that it would reduce the federal deficit.

In my opinion, it is impossible to state with any certainty that the federal deficit will be substantially reduced.

It is even possible in view of the interrelationship of both federal and provincial social programs, that the costs of certain federal programs will decrease like Family Allowances, while those of certain provincial programs will increase. As far as I know, the policy of the federal government is not to reduce the federal deficit by increasing that of the provinces or of local welfare organizations.

If the aim is indeed to reduce the deficit, why not maintain indexation and modify the tax tables to recover from taxpayers in higher tax brackets a major part of the amounts necessary to support this program, or at least the equivalent of de-indexation?

In the final analysis, honourable senators, I cannot understand the motives of this government in continuing to support such a bill. The need to review family assistance programs, and more comprehensively, income security programs in Canada, to make them more effective and provide incentives to work is a fact that few people would dispute. Unfortunately, what is being suggested has nothing to do with such a comprehensive approach to the issue. It points to a piecemeal approach.

This band-aid approach surprises me all the more since, in its working paper of 1985, this same government seemed to be committed to a global approach under which all family assistance programs, of which the main ones are family allowances, the tax credit and the child tax exemption, would be reviewed.

Various options were then being considered. One was to maximize the assistance to low income families. Moreover, to assess the net impact of the various options, it was proposed to take into account not only the direct income transfers, but also the effects of the tax system as well as the mutual impacts of the various programs.

Without supporting the options which the government considered in his January 1985 consultation paper entitled "Child and Elderly Benefits", I must say it was a positive effort in that it addressed the issue as a whole.

With this document, the government wanted to help Canadians participate in the consultation process and set out the principles. What has been the result of these great intentions and principles? I believe precious little, honourable senators. The main budgetary and legislative measure resulting from this long process will be the de-indexation of family allowances.

All in all, the government's performance will show only a lack of initiative and originality in its effort to develop a federal social security package which is better and more efficient. Although we are told that the debate is not closed, the fact remains that the government has failed to launch a substantial debate on the issue of social and income security programs.

I think that this government could benefit from the experience of previous governments. It would also be well advised to study the findings of the Macdonald commission which provided worthwhile indications as to the comprehensiveness of social programs, and I quote from volume 2, page 803.

> Rationalize the family-benefits system by redirecting money from the child tax exemption either to the child tax credit or to the Family Allowance and by adjusting the tax-back rates on those programs so as to ensure a uniformly progressive benefit system;

Generally, the Commission believes:

> ... that the provision of a Universal Income Security Program with relatively low guarantee levels and tax-back rates is an appropriate long-term goal for the Government of Canada and the provincial governments to pursue, in order to reform the current income-security system.

The government will introduce shortly a new budget. I am sure that Canadian men and women are impatiently looking forward to it, for they know quite well that this budget will reveal the government's real intentions. If the 1986 budget is in line with the previous budget, the Canadian people will have no difficulty understanding toward what sort of society we are moving. I thank you for your attention.

• (1510)

[*English*]

On motion of Senator Frith, for Senator Marsden, debate adjourned.

PETROLEUM AND GAS REVENUE TAX ACT INCOME TAX ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Phillips, for the second reading of the Bill C-82, intituled: "An Act to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act".—(*Honourable Senator Hastings*).

Hon. Earl A. Hastings: Honourable senators, I should like to address Bill C-82, if I may. As Senator Doody correctly indicated, it brings into effect one of the provisions of the Western Accord, primarily that portion of it which does away with the petroleum and gas revenue tax. In generally supporting that, I follow one of the recommendations of the Standing Senate Committee on Energy and Natural Resources, which studied the National Energy Program in detail and which actually reached the same conclusions as those of the government to relieve the oil companies of paying that tax at this particular time. This comes as a direct result of conditions in the energy world. As was explained here today by Senator Doody and Senator Olson, that is an ever-changing world—one which requires corresponding changes in policy. The energy environment is unpredictable and has the habit of changing quickly, as is evident from what has happened since the National Energy Program was put into place in 1980.

If I had one criticism of the National Energy Program, it would be that it did not provide for change and that it locked us into high priced oil. There were times when we heard of $30, $40, $60 or even $80 oil, but the conditions which brought about a shortage of high priced oil in 1982 have since changed to result in a surplus of low priced oil. Unfortunately, the policy was not capable of reflecting that change quickly. It is interesting to note that we are legislating today provisions which may soon be outdated, when we consider the recent drop in price from $34 to $24 U.S. a barrel and considering that there is every indication that that price on the spot market will fall to under $20 U.S.

In light of these circumstances and conditions, we are prepared to support that provision of the bill that is before us today. Nevertheless, one cannot help but view with concern the disappearance of the policy of Canadianization. It does not seem to be one of the paramount goals of the present policy. We had in place a regime which brought about one of the largest oil discoveries in the Beaufort Sea, the Amauligak well, which would appear to have resulted in the discovery of one of the largest pools of oil on the North American continent. That came about as a result of the worthwhile provision of the petroleum incentive payments, and at least three Canadian companies have participated in that particular project.

One cannot help but view with concern an article which appeared in the Calgary *Herald*, which predicts that Canadians will no longer participate in the same way. I quote from this article:

> Alberta oilmen expect the exploration frontier regions will no longer be the grant-laden playgrounds for smaller oil companies.
>
> Instead, the Arctic and the offshore will become the stomping grounds of multinational companies seeking reward money under the new federal policy replacing the Petroleum Incentives Program.
>
> With a week of new government policy digestion under their belts, the Independent Petroleum Association of Canada is maintaining a stony silence while junior and mid-sized companies are still wearing down pencils assessing frontier activity under a new fiscal regime.
>
> But a general consensus is emerging that development in the North and offshore East Coast will be left primarily to major oil companies while the junior independents retreat from their frontier supporting role to the relatively quick money of Western Canada.

It seems to me that the policy of Canadianization is still worth while and that it should not be abandoned. Our Arctic and eastern offshore areas should not be left to the benefit of the multinationals.

I draw the attention of honourable senators to the fact that in past years we created a Canadian drilling capacity on the east coast that could search for and find oil, under similar circumstances, on the same level as any multinational company. That is a Canadian effort and it is one of the worthwhile goals that was set and attained under the National Energy Program. I think it is important, too, that we see whether the multinational oil companies will live up to their promises to be a driving force in the Canadian economy. At the moment, we do not know the extent to which those oil companies will be able to keep their promises about reinvestment and job creation. They promised a great deal in that search for decontrol. We have now created an environment of decontrol as they requested, except that it is at a time when we have an excess supply of oil rather than a shortage. The oil industry will now have an opportunity to deliver on those promises.

• (1520)

As I said, we are in a period of changing circumstances and conditions with respect to energy policy. Your Energy Committee intends to monitor those changes on a day-to-day basis in order to put in place a long-term Canadian policy with respect to energy, a policy that will be able to react to those changing circumstances on practically a daily basis. We are endeavouring to approach with the same diligence some of the most significant long-term issues that face Canada's energy policy today. I refer to issues such as security of supply, which continues to be our most important consideration. We cannot afford to become complacent and to find ourselves again at the mercy of foreign suppliers. Other issues of importance are jobs, the availability of Canadian resources to all Canadians and the many other issues which directly touch on our economy and the welfare of all Canadians. Your Energy Committee intends to keep those goals in front of it, as we are doing now in our study of the pricing and distribution of gas both on the domestic market and the foreign market, and the production and marketing of crude oil on the Canadian market and foreign markets. With those remarks, honourable senators, I am pleased to support the motion of the Honourable Senator Doody. As he indicated, the bill received advance study by the committee as well as study by the committee on energy, and I see no reason for it to go to committee.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Doody speaks now, his speech will have the effect of closing the debate on the motion for second reading of the bill under rules 28, 29 and 30.

Senator Doody: Honourable senators, I simply want to thank Senator Hastings for his remarks and to move second reading.

Motion agreed to and bill read second time.

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

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

DIVORCE ACT (BILL TO AMEND)
DIVORCE BILL, 1985
FAMILY ORDERS AND AGREEMENTS ENFORCEMENT ASSISTANCE BILL

SECOND READING—DEBATE ADJOURNED

Hon. Nathan Nurgitz moved second reading of Bill C-46, to amend the Divorce Act; Bill C-47, respecting divorce and corollary relief; and Bill C-48, to provide for the release of information that may assist in locating defaulting spouses and other persons and to permit, for the enforcement of support orders and support provisions, the garnishment and attachment of certain moneys payable by Her Majesty in right of Canada.

He said: Honourable senators, I would like to speak to Bills C-46, 47 and 48 together, and I am sure that my counterpart on the other side would like to do so as well.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, these three bills have been dealt with as a package in the other place and were dealt with in our committee in the same way. I think that we should give leave to Senator Nurgitz to speak to the second reading of these three bills at the same time.

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

Hon. Senators: Agreed.

Senator Nurgitz: Honourable senators, I am pleased to speak to these measures at second reading. I am sure that honourable senators are aware of the reference that was made in this chamber to the Standing Senate Committee on Legal and Constitutional Affairs to pre-study these bills. I am sure that all of you have read with great interest the Eighth Report and Ninth Report of that committee.

Senator Frith: On our side we speak of little else.

Senator MacDonald: I couldn't put it down.

Senator Nurgitz: Then perhaps I do not have to say any more.

The matters of divorce, corollary relief and enforcement of maintenance orders are priorities of this government and this fact was outlined in the Speech from the Throne. I should mention in as non-partisan a fashion as I can that the previous administration introduced in May or June 1984 legislation—perhaps not in an identical form but in a similar form—dealing with the same problems. I should like to mention as well the fact that the committee recommends in both the Eighth Report and the Ninth Report that it has reservations about the legislation in some instances and that it made some very serious and effective suggestions to the minister. Some of those suggestions—

Senator Frith: Found favour.

Senator Nurgitz: Found favour, yes. I do not know whether it is the fact that the suggestions were so good or that they were explained so well to the minister by the committee, but he had the wisdom to accept some of them. Some of the topics, if they found their way into the considerations of the House of Commons committee, certainly did not find their way into their recommendations. It was not until our committee dealt with them that they were brought before the minister.

With regard to divorce reform and Bill C-47 specifically, I want to express the appreciation of all honourable senators to Senator Neiman and the committee for having taken the time and made the effort to hear a number of witnesses, specifically witnesses who had tried in vain to be heard by the committee of the House of Commons. It was the approach of our committee to try to get the views of people who had not been heard by the Commons committee. We heard testimony from a large number of witnesses and from a wide sample of knowledgeable people in this area of law. They all informed us of how they perceived the proposed legislation. I think it is fair to say that, on balance, reform of divorce law and the introduction of the corollary relief sections were well received.

I want to say a few words about the concerns expressed in our reports which were tabled in the house on November 28, 1985. The first concern was over jurisdiction, specifically clause 3, which requires that a spouse be ordinarily resident in a province for one year prior to being in a position to file divorce proceedings. It was our committee's suggestion that the time be decreased. That is, it took the view that the requirement to be in the province for an entire year could cause hardship. For example, a couple living in Newfoundland moves to British Columbia in search of work. A dispute arises and the wife goes home to Newfoundland, all the way across the nation. She would have to wait for one year before she could commence divorce proceedings or before the Newfoundland courts could have jurisdiction. We attempted to convince the government that it should reduce that period to six months, because we anticipated the practice of forum-shopping arising. That is, we might have what occurs in other jurisdictions. I do not know whether it is appropriate today, but at one time there was the view that in the State of Nevada, United States of America, one could get a divorce easily.

Senator Frith: The jurisdiction was easy because residence and time were all you needed.

• (1530)

Senator Nurgitz: Of course, and on one occasion I was just passing through one of the cities of that state and was keen to see why it worked so easily. I went into the courtroom and sat there and when they called the case, what I would call a "professional landlord" appeared. He was put into the witness box and took out a little book and said: "Yes, Ann Jones rented accommodation at my rooming house on such and such a date,"—which was six weeks and one day earlier—"and I issued receipt number 47 to her for the rent." I suspect that he had a three-room rooming house but, that morning, he testified in approximately 15 cases. So that is how they establish jurisdiction. I am not sure that the people stayed at that rooming house, but that was all the proof that one needed.

In any event, anticipating the argument that the government might make that there would be forum-shopping if we had too short a period, and that in some provinces, not through dishon-

est effort but simply that some judges would start applying the law differently from the way it was applied in other jurisdictions, that people would tend to move if it was made convenient and find an easier forum for their problem, whether it be a husband or a wife, we thought that six months would be too long for someone who was just looking for an easier court system and easier rules. However, the government has argued that, since the courts dealing with divorce generally are creatures of the provincial authorities, and certainly are administered by them as they are responsible for the administration of justice under federal and provincial laws, in order to ask the court for relief or divorce, there must be some connection between the spouse seeking the divorce and the court empowered to grant it. Reducing that time frame could still ensure that connection, we thought. However, it would also allow for harassment by one spouse who simply wanted to move away to cause difficulties. These were the arguments presented to the minister.

There was also the argument made that with mobility in many job fields that, for example, miserable husbands might move off to make it more difficult for their wives to seek redress.

Moreover, reducing the residence requirement within a province, if it were to be done, would need to be accompanied by a parallel reduction of the same requirements to recognize divorces granted by other countries, and that was perhaps a more compelling argument. Otherwise, Canada would be accused of applying double standards: one for its own residents and another for residents of other countries.

Given the number of situations that such a reduction in residence requirements would help, balanced against the possibility of artificially conferring a far-distant court with jurisdiction on divorce just for the sake of harassment by a spouse, it may not be desirable to pursue such an amendment. In any event, that was not found to be acceptable by the government.

In relation to the grounds for divorce, that is, marriage breakdown and possible evidence of adultery and cruelty, our proposal was that once the year had passed we wanted a spouse to be able to use the ground of marriage breakdown and the one-year separation only. In other words, to take the adversarial aspect and conflict out of the problem. Frankly, I personally had a view that was, as I recall, different from that of the other members of the committee. I was of the view that no matter how the divorce was framed, if a year had passed between the time of the separation and the time of the hearing, judges should grant a divorce only on the grounds of marriage breakdown. However, that view was considered by my colleagues on the committee to be at variance with their view. Their view was that if a divorce was commenced more than one year after the separation, the ground of one-year separation only could be used.

The minister has rejected that on the basis that it would have defeated one of the reasons why adultery and cruelty as proof of marriage breakdown had been retained. He said that, for moral or religious reasons, a spouse may wish to ask for and obtain a divorce for adultery or cruelty because he or she has been victimized by the other. This is a policy which is questioned by many, including members of our committee, but we can accept that the alternative of a one-year separation is attractive enough that it will convince many spouses to rely on it.

Concerning clause 11, our proposal was that support issues regarding children should not be a bar to divorce between parents. Our international obligations are to the effect of providing for children on divorce. The bill does this. The government has accepted our proposal and, therefore, this bar to divorce has been eliminated. If parents cannot provide for their children in this country, as has been talked about at great length in this chamber within the last two days, we have a social security system that will tend those who cannot be looked after by their own parents.

However, I should mention that when dealing with this matter the House of Commons has not extended the same protection of staying the proceedings until arrangements for the support of a spouse are made. It was argued that it could ultimately result in spouses, legitimately not in a position to provide support possibly for a long period of time, being denied the right to a divorce. This would result in different standards for the rich and the poor. We must confess that this is an argument that probably does have some merit.

In relation to clause 16 and its possible ambiguity, an appropriate amendment has been adopted by the House of Commons as we had suggested.

Senator Frith: What was the subject matter of clause 16?

Senator Nurgitz: Clause 16 related to custody orders. You will recall that we had some considerable debate on that.

When we come to clause 17 and the requirement that there be a "change" of circumstances to allow a variation of time-limited support orders, the government did not support an amendment to expressly permit an application for a variation order in the situation where there has been no change in the circumstances of the applicant spouse, as was anticipated at the time of the making of the order. Here we are talking about a situation where the time is about to run out on a time-limited order and where there has been no change in circumstances. The question is, do you then say, "Instead of it being a five-year order, the order will run indefinitely."?

Leaving the bill in its present form provides for greater certainty to both spouses. The only situation in which a variation would be permitted would be if there had been a change of circumstances. The courts have already determined under a similar provision that where a dependent spouse has honestly tried to change his or her circumstances and failed for reasons beyond his or her control, that spouse can obtain a variation and continued support if it is reasonable.

What we had proposed would have specifically cured the problem of a dependent spouse who had honestly tried to change his or her circumstances but could not. The disadvantage, however, was to open the support provision to abuse by a spouse who had not fully tried to change the circumstances. It would also allow for variation until employment is actually

found which, in turn, could put the entire responsibility for employment conditions on the ex-spouse providing support. It may be abusive in the case of a short-term marriage, I'm afraid.

With regard to clause 26—that is the provision of the bill allowing the Governor General-in-Council to make regulations for carrying out the purposes and provisions of the act—when this matter was before the committee, I had been urged, as joint chairman of the Regulations and other Statutory Instruments Committee, to deal with the minister on the basis of not having that kind of provision on the grounds that we now have far too much legislation where the Governor-in-Council can pass regulations for doing this, that or the other. In fact, I am pleased and proud to say that our committee was able to convince the minister that the divorce registry, as contemplated in the act, should be established by statute and not by regulation and is now fully covered in the bill.

Divorce allows remarriage. Statistics indicate that most divorced people actually remarry. I do not recall the statistic at the moment, but it is approximately 70 or 75 per cent.

● (1540)

During consideration of this bill, not so much before our committee but certainly before the House of Commons committee, representations were made concerning barriers to remarriage which may apply to persons of certain religions. They were not referring to civil divorce, which we are addressing here, but to the fact that, in some faiths, there is a requirement for a religious divorce before one can remarry in that house of worship or in that faith. Those representations were made very late. In fact, I recall no such representations having been made to our committee, but they were made both to the minister and to the House of Commons committee. The representation was made that where one spouse refuses to co-operate in the obtaining of religious or church documents, a divorce ought not to be granted to that person.

Honourable senators, this is a complex matter. As I indicated, it was raised at a late stage. There are some concerns on constitutional grounds and others as to how this matter ought to be addressed.

The Minister of Justice in the other place, speaking on third reading of the bill just the other day, has undertaken to deal with this matter expeditiously. He has instructed his officials to establish some consultative process with representative groups. He has assured the House that the government will give sympathetic and careful consideration to this issue and that an equitable solution will be found, if at all possible, and as soon as possible.

Accompanying the divorce bill is proposed complementary legislation: the Family Orders and Agreements Enforcement Assistance Bill. This bill provides two remedies to assist in combatting the national scandal of an 80-per-cent default rate on support payments. Regrettably, that is a Canadian statistic. The bill also provides for assistance in locating children abducted by non-custodial parents, as well as children hidden from access parents by the custodial parent. The poverty, the material and emotional misery caused by these support and custody battles necessitate the federal government's acting to assist in the enforcement of corollary orders. This is the goal of the new enforcement bill.

The bill provides for the release of limited information from designated information banks of the Department of National Health and Welfare and of the Department of Employment and Immigration to trace a missing spouse or child where there has been a breach of a support or custody order. As well, it provides that federal moneys, such as income tax refunds, may be garnisheed where support payments are in default.

Honourable senators, I am sure all honourable senators will have read the Ninth Report of the Standing Senate Committee on Legal and Constitutional Affairs and will have noted that, while the committee did not oppose this legislation, it did indicate that there were some concerns expressed by the Privacy Commissioner and others. It also indicated to the government that this ought to be monitored carefully.

This bill, like the divorce bill, was reviewed by our committee. The Minister of Justice, in his speech to the committee on December 3, 1985, spoke to the concerns the committee raised in its report. With regard to the release-of-information remedy, the bill strikes the appropriate balance between the need to provide effective assistance to enforce corollary orders, on the one hand, and on the other, the need to protect the right to privacy of the individual.

I will not review in full the protections provided in the bill, but I do wish to highlight a few. Information can be released only to enforce corollary orders and for no other purpose. Only information banks of the Department of National Health and Welfare and of the Department of Employment and Immigration can be searched. Only the address of the missing person and the name and address of his or her employer can be released. In most instances a court order is required. The information can only be released to a court, a police force or a provincial service authorized by law to enforce corollary orders.

The information will be released under the terms of an agreement to be signed with the provinces, which is still being negotiated. The agreement will provide safeguards to ensure the information is only used to enforce corollary orders and for no other purpose.

Regarding the garnishment of federal moneys, this process was designed to provide the creditor spouse with a remedy which reflects that available under provincial law against third parties such as an employer of the debtor spouse. In other words, we are saying that the old notion that Her Majesty the Queen in right of Canada cannot be named in the garnishment order for the purposes of enforcement of maintenance orders no longer applies. That will no longer be the case. Garnishment, therefore, is obtained pursuant to provincial law. The bill has been drafted to accommodate the variations that exist in provincial law in this regard. The federal government will respond as promptly as possible, and the garnishee summons will bind the designated federal moneys for at least one year.

The new enforcement bill also provides a balanced approach to meeting the widespread problem of support default and the urgent problem of children missing, contrary to a custody order or access right.

The government has foreseen the need to evaluate the impact and effectiveness of the bill, and the preliminary work for such an evaluation by the Department of Justice has already begun. In this fashion, the government will discharge its responsibility to ensure that the legislation and the services provided under the legislation accomplish the intended goal of enforcement of corollary orders.

The Standing Senate Committee on Legal and Constitutional Affairs conducted a very detailed study of the five major recommendations. Two have been completely accepted and a third has been accepted in part.

Together, Bills C-46, C-47 and C-48 provide a new foundation for federal family law. They deal with an unfortunate social reality in a modern and humane fashion and will, I believe, prove to be progressive in their operation.

Honourable senators, I urge passage of these bills.

On motion of Senator Frith, for Senator Neiman, debate adjourned.

PARLIAMENT BUILDINGS

CENTRE BLOCK—REMOVAL OF PORTRAITS OF BRITISH PRIME MINISTERS—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Hicks, calling the attention of the Senate to the removal of the portraits of former British Prime Ministers from the sixth floor of the Centre Block of the Parliament Buildings.—(*Honourable Senator Hicks*).

Hon. Henry D. Hicks: Honourable senators, perhaps I can dispose of this inquiry by making only a few remarks in closing the debate.

I still stand by the observations I made in the beginning. I think our heritage and traditions are improved by exercises such as that of hanging the portraits of the British Prime Ministers, up to the present time, somewhere in this building. I think the corridor on the sixth floor, leading to the Parliamentary Restaurant, was a very good place, indeed, for them. I am sure a great many of us have not only amused ourselves but added to our knowledge of history by looking at those portraits as we were making our way to or from the Parliamentary Restaurant.

My good friend, Senator Corbin, thinks that the positioning of these portraits was inappropriate. I can understand that different Canadians place a different kind of emphasis on the heritage which has led to the development of Canada and to the development of the characteristics of this country. I am one who acknowledges to the full the contribution that Canadians of French expression or French background have made to this country. Indeed, I can claim at least three ancestors of Acadian background myself, so I do not feel that I am completely out in left field in this respect.

Nevertheless, we must recognize that, so far as our parliamentary institutions are concerned, they primarily owe their existence in their original form and in their present form to those customs and traditions which we have inherited from the Mother of Parliaments at Westminster, to which we owe, indeed, our parliamentary system.

• (1550)

Indeed, our parliamentary system—and this applies, interestingly enough, to the one province in Canada which is of primarily French origin, and that is the province of Quebec—and the legislatures of the provinces of Canada are largely modelled upon the procedures, traditions, forms and formalities of the Parliament at Westminster. For that reason I do not think it inappropriate for us to acknowledge, as we did for so many years, the Prime Ministers of that Parliament at Westminster by having their photographs hung in the corridors of this Parliament. However, I have made my point and I do not think I need say much more.

There are two points that require some comment. I do not know whether it was Senator Corbin who suggested this, or whether it was a suggestion of the Parliamentary Spouses' Association, but someone suggested these photographs be replaced with photographs of Canadian Prime Ministers. Well, that is unnecessary. There are oil paintings of every Prime Minister of Canada displayed more prominently in some part of this building than the corridor on the sixth floor leading to the Parliamentary Restaurant. So, it is not necessary for us to duplicate those portraits by having photographs of Canadian Prime Ministers in the place formerly occupied by the photographs of the British Prime Ministers.

The second point that I should like to comment upon is the observation that was contained in the remarks of my friend, the Honourable Senator Corbin, and that is that we might leave the photographs of the good British Prime Ministers there. I think he singled out Prime Minister Churchill as being one whose photograph he would be glad to see left in a prominent place in this building.

I do not want to be one of those on the team that has to decide which British Prime Ministers were the good ones and which were the bad ones, any more than I would like to be on the team that had to decide which of the Canadian Prime Ministers were the good ones and which were the bad ones; though that may very well be an exercise in which Senator Corbin and I could quite readily reach agreement. No, I do not think we could select what either Senator Corbin or myself regard as being the good Prime Ministers, excellent though I believe our judgments are, whether we are talking about British Prime Ministers or Canadian Prime Ministers.

Honourable senators, I have recorded my views. I do not think this is a matter on which the Parliament of Canada is going to stand or fall, but I think it is a pity when we remove these little evidences of our heritage from the building in which so many of us spend so much of our time.

I close by reminding honourable senators once again of the words of the Honourable Joseph Howe who put this matter so well when he said:

> A wise nation preserves its records, gathers up its muniments, decorates the tombs of its illustrious dead, repairs its great public structures and ever fosters love of country and national pride by perpetual reference to the sacrifices and glories of the past.

Hon. Eymard G. Corbin: Honourable senators, in his comments the Honourable Senator Hicks alluded to the fact that I may have been motivated to make the comments I did about the removal of the photographs of the British Prime Ministers by ethnic considerations.

That was not the basis of my motivation; in fact, I made no such comment in that respect. I thought I had addressed the question on its own merit. Therefore, I would not want my position to be misrepresented. The fact that I am a French Canadian has not, in any way, shape or form entered into the comments I have made, and I do not see why the honourable senator would make comments that allude to the fact that I am a "Canadien". I was not motivated by that fact when I spoke on this matter at all.

I should now like to make a suggestion to the honourable senator, if he is open to compromise. At Government House we have entered, in chronological order, the names of all of the former Governors of Canada, beginning with the French régime, following right through to this day, and one day the present Governor General, the Honourable Jeanne Sauvé, will also have her name inscribed on those wooden plaques. If indeed the object of Senator Hicks is to retain the mementoes of the past, and to retain the photographs of the former British Prime Ministers, would he not agree that we should also, if they are available—and I am sure they are available from the French Public Archives, the Canadian Archives, the Province of Quebec Archives, and perhaps even in some of the Acadian Archives at the University of Moncton—display portraits of the French King's First Minister along with the British Prime Ministers? Would Senator Hicks not see that as an accommodation that would please everyone in this country? If we are to go back to the roots of our history, let us go back to the very deep roots of our history.

Having said that—and before Senator Hicks answers—I think that does nothing for the native people of this country, those who were the first inhabitants of the country we both occupy as French and English, along with all of the other ethnic populations that have come to this country and made it the great country that it is today.

So, following up on the comments of Senator Hicks, I make those suggestions. I would be interested to hear his response.

Senator Hicks: Honourable senators, I do not want to prolong this debate indefinitely. Senator Corbin has raised a number of points to which I should like to reply, and I will try to do so very briefly.

[Senator Hicks.]

First of all, the reasons that he imputed to me were what he inferred from my remarks and were not explicitly stated by me nor were they explicitly meant.

I certainly accept his statement that he was not at all motivated by what he called "ethnic considerations" in the remarks that he made. That is neither here nor there. The second point he made—actually, it was the third one—was that we might have, at some suitable place, the First Ministers of the regimes in France. I think I made it sufficiently clear why I felt that the British Prime Ministers, in the Parliament of Canada, deserved a place which could not be afforded to the Prime Ministers of France—because it was the Parliament at Westminster from which we derived our parliamentary institutions, and, insofar as this Parliament is concerned, I think we would look to the Parliament at Westminster rather than the Quai d'Orsay in listing the progenitors, if you like, of our system here in Canada.

• (1600)

My final point in connection with Senator Corbin's remarks is an interesting one. It is the reference that he made to the Governors General of Canada beginning with the French regime. May I point out to him—and I am now referring to the list of Governors General that is posted in Rideau Hall—that they do not begin with the beginning of the French regime in Canada. The French regime in Canada began in Acadia in Port Royale and the first Governor of Canada was an Acadian. He was not the Quebecois who became the Governor of Canada in 1608, but the Governor who became the Governor of Canada in 1605 at Port Royale; and if we are going to put it in the record of our history, then we should start there and not with the Governors that formed what became la belle province de Quebec some three years later.

Hon. Finlay MacDonald: Honourable senators, I have a brief question for Senator Hicks. Knowing that Mrs. Hicks is an active participant in the Parliamentary Spouses' Association, which caused this whole matter to come to a head, and knowing the honourable senator's opposition to their particular action, I wonder whether he can inform the Senate whether this has had any serious, adverse effect on their relationship.

Senator Hicks: Honourable senators, I am glad to inform the chamber, if it is relevant, that my wife and I are still living happily together and, indeed, she is in the gallery at the present moment.

Hon. Jean Le Moyne: Honourable senators, I would be sorry to augment the sadness of my respected friend, Senator Hicks, but he will surely recall that in the East Block, on the main stairs, we had portraits of all of the Governors General of the English regime. They disappeared. I think that is sad, and I agree with the honourable senator's sadness at the disappearance of the link with our foundations.

Senator Hicks: I thank the honourable senator and will make only one concluding remark. When it comes to the recording of our history in this respect, those honourable senators who have been fortunate enough to be invited to Government House in Halifax will know that there is posted

there a list of all of the Governors of Acadia beginning with the French Governors of that land commencing in 1605 in Port Royale. So, in Nova Scotia, we do begin at the beginning of our history and we acknowledge that the beginning of our history in this respect is derived from those hardy and intrepid French settlers who first came to the land of Acadie.

The Hon. the Acting Speaker: May I inform honourable senators that if no other honourable senator wishes to speak, this inquiry is considered as having been debated.

HEALTH

ILL EFFECTS OF SMOKING—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Bosa calling the attention of the Senate to the ill effects of smoking to smokers and non-smokers alike.—(*Honourable Senator Petten*).

Hon. William J. Petten: Honourable senators, this order has been standing in my name for some time. After the excellent presentation, dissertation, or whatever, given by Senator Frith yesterday—

Senator McElman: Never mind the editorial!

Senator Petten: Thank you, Senator McElman. After hearing Senator Frith's excellent dissertation yesterday, I shall not take part in this debate at present, and I would make the suggestion that if no other honourable senator wishes to take part in the debate, we could consider it as having been debated. If any honourable senator wishes to speak, I am sure that he or she can follow Senator Phillips on the motion placed on the order paper by Senator Frith yesterday.

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

Hon. Eymard G. Corbin: No. Honourable senators, I am not quite sure what Senator Petten is trying to accomplish. Is he suggesting that we close the debate on Senator Frith's motion? Would he mind repeating what he said?

Senator Petten: I was not making a statement as to what should be done. I made the suggestion that if no other honourable senator wished to take part in this particular debate—

Senator Doody: Not Senator Frith's motion.

Senator Petten: Not Senator Frith's motion. If no other honourable senator wished to take part in this debate—number 19 on the order paper—but they wished to speak on this particular subject, I am sure he or she could do so on the motion that Senator Frith placed on the order paper yesterday. I merely made that suggestion.

Hon. Peter Bosa: Honourable senators, this inquiry was initiated by me. Senator Hays indicated at one time that he might wish to make an intervention on this subject. Also, I should like to conclude this debate myself. Therefore I move the adjournment of the debate in my own name.

On motion of Senator Bosa, debate adjourned.

INTERNATIONAL TERRORISM

MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE—DEBATE ADJOURNED

Hon. William M. Kelly, pursuant to notice of Tuesday, January 28, 1986, moved:

> That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues of current and likely future terrorist activity in Canada, directed at Canadians or using Canada as a base for extra-Canadian activities;
>
> That the Committee make specific recommendations on the Government of Canada's policies with respect to terrorism; the protection of Canadians and Canadian federal and provincial government representatives abroad; the role of the media in reporting terrorist threats and incidents; the ability of conventional law enforcement organizations in Canada to deal with specific terrorist incidents; and the need for an anti-terrorist organization in Canada, its role and reporting relationship;
>
> That eight Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;
>
> That the Committee have power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from day to day as may be ordered by the Committee;
>
> That the Committee have power to adjourn from place to place within Canada;
>
> That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and
>
> That the Committee present its report no later than October 1, 1986.

He said: Honourable senators, I am sure that all honourable senators are shocked at and abhor the incidents of terrorism, whatever the cause espoused or the location of the incident. I am sure each of us recalls with horror and sadness the slaughter of young and innocent people in those mindless terrorist incidents in the Rome and Vienna airports at Christmas; the grief and anger of Mr. Edward Leonard of Alberta over the death of his wife and infant son in the EgyptAir hijacking; or the despair and bewilderment etched in the face of Mrs. Marilyn Klinghoffer as she was assisted from the "Achille Lauro", the site of her husband's brutal execution.

● (1610)

Like most Canadians, however, I suspect we still tend to be complacent about terrorism. Terrorism is something that happens elsewhere—in Beirut, Italy, Germany, Israel, Northern Ireland, South Africa—and is directed at someone else—at the U.S. or Israel, at a rival religious faction or at an unpopular foreign government. Even in those rare instances when Canadian nationals are involved, the site of the incident is usually outside Canada and the unfortunate Canadians are implicated only as innocent bystanders. Terrorism has not yet infected the Canadian body politic and remains something

quite at odds with Canadian history and "the Canadian way." But terrorism has touched Canadians and Canada, abroad and at home.

Honourable senators, let me run through a brief chronological catalogue. We all recall the incidents in the early 1970s of bombings, kidnappings and murder perpetrated in Quebec by the FLQ, leading ultimately to the use of the War Measures Act for the first and only time during peacetime. I think we all recognize that the War Measures Act was and continues to be an inappropriate mechanism to deal with the problem of domestic or international terrorism.

More recently, since 1982 there have been three attacks on Turkish diplomats here in Ottawa, allegedly by Armenian terrorists. Several lives were lost, injuries sustained and property damaged. These incidents led to claims by the Turkish government that Canada had not provided adequate security to Turkish diplomats in Canada.

In October 1982 members of a terrorist group were arrested for their part in bombing the Litton Industries plant outside Toronto. This incident followed several other bombings and arson incidents perpetrated by the same group in British Columbia. In April 1985 an Armenian group paralyzed commuter traffic in Toronto for days with a threat to blow up a portion of the Toronto Transit Commission subway lines. There were attacks on the Indian Consul General's offices in Vancouver and a personal attack on the Indian chargé d'affaires in Winnipeg. These incidents prompted the Indian government to complain formally about the Canadian government's "lenient attitude" towards terrorist groups.

Also in 1985, a bomb planted on a CP Air flight from Vancouver exploded, killing two baggage handlers in Tokyo. Three hundred and twenty-nine people died on Air-India flight 182 originating in Toronto, likely because of terrorism. One hundred and eighty-two of the victims were Canadian—90 of them children. These two aircraft incidents prompted claims by the Indian government that Canada is "soft on terrorism"; that Canada was becoming a haven for terrorists and that Canada was a significant source of funding for terrorist groups. Incidentally, if terrorism was in fact its cause, the Air-India crash gave Canada a lamentable distinction: flights originating in Canada have been implicated in over half of all the deaths attributed to acts of terrorism against aircraft—over half.

Several weeks ago the government put extraordinary security precautions in place in airports in Toronto, Ottawa and Montreal to guard against a threatened terrorist incident. The incident proved to be a hoax, but demonstrated our increasing exposure and vulnerability to such threats. On January 21 the Romanian consulate in Montreal was attacked by a gunman, seriously injuring a Romanian national inside.

A recognized Canadian expert, Nicholas Stethem, maintains that Canada is not immune to terrorist activities. Although violent actions to date have been the exception, several international terrorist organizations are active in Canada in fund-raising, low level political activity in expatriate communities, intelligence gathering, and, in some cases, weapons procurement. There is no reason for Canada to be exempt from terrorism, and we are not. Canadians have no right, therefore, to be complacent.

I am not an alarmist, honourable senators, but I speculate that terrorist activities based in or directed against Canada could well increase.

For example, the Canadian government's recent decision to join the U.S. in sanctions aimed at Libya, which I personally support, could well raise Canada's visibility in the eyes of pro-Libyan terrorist groups and increase Canada's exposure as a potential target of terrorist actions. We need to be particularly concerned about this eventuality when one realizes that the nations that took sanctions against Libya over the Rome and Vienna incidents constitute a small group: the United States, Canada and Italy. Recently, the European Community has come out in support of a joint embargo on arms sales to Libya. However, this does not change my point: Canada has enhanced its visibility on this subject of terrorism.

I can only speculate, but the threatened terrorist action against a Canadian flight to the United States on the 18th, 19th and 20th of January probably had a ring of truth because of the alleged involvement of Libyan nationals. Furthermore, the incidents of international terrorism are multiplying at a horrendous rate. In 1984, the last year for which figures are available, there were 1,925 recorded victims of terrorist actions; that is twice the total for 1983. I expect that we will see even grimmer figures for 1985, especially if the Air-India crash is proven to have resulted from a terrorist's bomb. Terrorism is becoming more frequent, more international, more sophisticated, more indiscriminate and more brutal. There is no particular reason for believing that Canada will be immune from this increased threat. In fact, because of our proximity to the U.S., the opposite could well be the case.

My concern is that Canada could become the focus of more terrorist activity or the haven for terrorists wishing to take action against the United States or against their opponents in Canada. Our problem is that we do not really know much about terrorism, and I think we should know more.

We do not know enough about the extent to which terrorist groups are locating or have located in Canada, and I think we should know more. I do not think we know enough about the actions Canada can and should take or is taking to combat international terrorism. I think we should know more.

The role of the media has also been the focus of comment and concern. I quote from a recent article by Michael R. Marrus, published in the January 21 edition of the Toronto *Star*. He says: "Without electronic coverage of their horrors, it seems unlikely that many terrorists would think their savagery worthwhile."

Another commentator on the subject, Walter Laqueur, referring to television coverage of terrorist activities, calls terrorists "the super-entertainers of our time."

In the fight against terrorism, what should the role of the media be in reporting terrorists' threats, in being used as a

conduit to communicate terrorists' demands and propaganda, in reporting on terrorist incidents and in assisting in the resolution of terrorist kidnappings, hijackings or whatever?

Without media coverage—particularly television coverage—I suspect that the frequency and perhaps even the brutality of terrorist incidents would decrease. But in curtailing or regulating media coverage, we face a fundamental conundrum posed by the basic and inalienable freedom of speech and association. A similar conundrum would occur should the Canadian government wish—as the Reagan administration has done for Americans—to restrict Canadians from travel to or working in certain terrorist "hot spots" around the globe. But without these kinds of powers, how can the Canadian government be expected to protect adequately its citizens abroad? This is another area that, I believe, deserves study.

Honourable senators, I have thought a great deal about this issue over the past several months. As I am sure you have, I have been shocked and disgusted by the escalating terrorist violence and the indiscriminate slaughter of innocent people. I wonder if Canada knows enough about terrorism and its role in and impact on Canada. I wonder if the Canadian government is in a position to protect itself and its citizens adequately against terrorists' outrage.

There will be a problem of definition. What constitutes "terrorism" or a "terrorist act"? Given the range of terrorist activities, a definition is difficult. I suggest, however, that we not get bogged down in that discussion now. I think that that could well be left to the committee that I propose.

I recognize the concerns of some of my colleagues about the extra fianancial burden imposed on the Senate by such a committee. My deputy leader assigned to me the responsibility to deal with this question to some extent at this time. In a general sense, such preoccupations are legitimate and we should each be concerned about cost, about efficiency and about economy. At the appropriate time, however, the Internal Economy Committee of the Senate will be able to review and approve the committee's proposed budget. In our concern over cost, however, we should not lose sight of our priorities. Currently operating in the Senate are special committees on youth, national defence, and a joint committee on Canada's international relations, all of which are very important and very worth while. However, I think we have to ask the question: Should they be more worth while than an examination of the impact of terrorism on Canada? I hope we never reach the point in this chamber of first come first served, where worthwhile inquiries are postponed or go by the boards because there are several other special inquiries under way.

• (1620)

About the only way I can deal with this next matter, since the committee does not exist and, therefore, has not met to discuss the way in which it would carry out its business, to respond to my instructions from Senator Doody is to say that I am advised that a committee of this size, functioning across the time frame suggested in my motion, would be able to complete its task at a cost that should not reasonably be expected to exceed $175,000. Of course, the committee itself would have to decide, but it is my view that it would not need to travel, that its work could be done here in Ottawa. There is extensive research information on terrorist activities abroad, in Western Europe and in the Middle East, that can be examined and considered here. There is no need to travel there. There is a substantial number of men and women in Canada who have examined and written on the subject extensively and who could be invited—and I think that they would be pleased to accept—to appear before the committee in Ottawa. Therefore, I believe that the costs can be contained within reasonable limits. I point out that the government apparently spent several millions of dollars over a reported terrorist threat in January that turned out to be a hoax. Was that additional expenditure worth it? Of course it was. There was really no choice. I think we should keep this in mind when considering the need for the commitee we are discussing today.

In my view, if the committee I propose helps us better to combat terrorism, saves one life or avoids a repetition of the Air-India crash, our time, energy and other resources will be well spent. That is what the proposed special Senate committee on terrorism is all about. I hope that honourable senators will support the creation of this committee in response to what I feel is an imminent and most serious danger.

Hon. Henry D. Hicks: Honourable senators, while I support the motion by Senator Kelly, I do not rise at this time to speak in general support of the creation and activities of this committee. I rise merely to make a few remarks about his concern about the cost of such a committee. Frankly, I am appalled that we give any consideration at all to matters of this kind. Here we are, one of the two arms of the Parliament of Canada. If there is something that we should do, we should not have to base our decision on whether it is going to cost another $100,000 or another $500,000 or another $1 million.

I ask honourable senators to consider the budget of Canada. We need only to look at the alacrity with which the present Government of Canada found hundreds of millions of dollars to pay to the depositors of two banks which failed recently. Most of this money will go to large corporations and a great many of them are not even corporations domiciled in Canada. I do not know how we can take ourselves seriously in this chamber if we are going to concern ourselves over the trifling costs of operating a committee such as the one that Senator Kelly has proposed.

I had intended to make this speech or similar remarks in relation to some other mercenary attitudes toward the cost of running the Senate. I am almost tempted to say it is no wonder that some people do not take us very seriously if we concern ourselves more with the legitimate expenditure of a few thousands of dollars in a matter like this than with matters which enable members of this chamber to perform our duties as we see them and to get on with performing the functions which we believe we can do well and which we believe ought to be done.

Some Hon. Senators: Hear, hear!

Senator Hicks: Honourable senators, I move the adjournment of the debate, but I am not sure that I have anything further to say about the matter.

On motion of Senator Hicks, debate adjourned.

The Senate adjourned until Tuesday, February 4, 1986 at 2 p.m.

THE SENATE

Tuesday, February 4, 1986

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

Prayers.

INCOME TAX ACT AND RELATED STATUTES

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Lowell Murray, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, February 4, 1986

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

FOURTEENTH REPORT

Your Committee, to which was referred the Bill C-84, intituled: "An Act to amend the Income Tax Act and related statutes and to amend the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Financial Administration Act and the Petroleum and Gas Revenue Tax Act" has, in obedience to the Order of Reference of Tuesday, January 28, 1986, examined the said Bill and now reports the same without amendment, but with the following observations:

Source Deductions

The Committee has received submissions from the Canadian Insolvency Association and the Canadian Bankers' Association with respect to Clause 118 of the Bill which creates a separate trust for amounts deducted and withheld to be remitted to Her Majesty and creates a prior charge for such amounts.

The Committee, in its Twelfth Report, supported these proposed measures noting that employees of bankrupt firms would not be prejudiced as they would get credit for amounts deducted or withheld when computing their taxes.

However, practical problems have been brought to your Committee's attention with respect to the government's priority. If it were to become evident that there would not be sufficient funds in a bankrupt firm's estate to meet the government's priority and to cover a trustee's fees and expenses, trustees would refuse to administer the bankrupt estate. There would be no mechanism to collect remaining accounts after the Crown is satisfied; there would be no one to safeguard creditors' rights; and there would be no one to look for fraudulent preferences and other improper transactions.

The Committee also notes the Report of the Advisory Committee on Bankruptcy and Insolvency dated January 3, 1986 which has recommended that the priority of the Crown should be totally abolished and that all claims of the Crown should rank in the same priority as unsecured creditors.

The Committee questions whether it is proper to introduce these amendments while amendments to the Bankruptcy Act are under consideration. The Committee hopes that the concerns raised before us will be addressed in the review of the Bankruptcy Act.

Retroactive Legislation

The Committee was of the view that the retroactive provisions of Bill C-84 noted in its Twelfth Report constituted an extremely bad precedent.

The Committee has expressed particular concern to the Minister of Finance regarding the effective date of the new provisions affecting lease-inducement payments. In response to the Committee's concerns, the Minister has undertaken to propose an amendment to the Income Tax Act which would exclude from the new provisions lease-inducement payments received under a written agreement made before the May 23, 1985 Budget was tabled. At the time of announcing the date of a budget, the Minister of Finance has also undertaken to inform taxpayers that budgetary measures will be effective at midnight of the day before the budget unless otherwise stated in the budget.

Deferred Profit-sharing Plans

The Profit Sharing Council of Canada has brought to the attention of the Committee a technical problem arising from Clauses 55 and 83 of the Bill. The problem relates to the taxation of unrealized gains accumulated while shares of an employer corporation are held in a deferred profit-sharing plan and which are delivered to a withdrawing member who makes an election pursuant to sub-section 147(10.1) of the Income Tax Act. Under the pre-budget rules, such gains were not taxed until a member disposed of the shares and then the gains were taxed as capital gains. However, Clauses 55 and 83 of the Bill operate in such a manner that a disposition of such assets held on May 22, 1985 would result in any gain being taxed fully as income.

This result was unintended and the Committee is pleased to note that the Minister of Finance has undertak-

en to introduce amending legislation with retroactive effect at the earliest opportunity.

Respectfully submitted,

LOWELL MURRAY
Chairman

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

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

QUESTION PERIOD

[*English*]

THE ECONOMY

DECLINE IN VALUE OF CANADIAN DOLLAR

Hon. Ian Sinclair: Honourable senators, my question is directed to the Deputy Leader of the Government in the Senate, and before putting it I am happy to say that he is in that position at this time based on his many years of experience.

I have been informed that today the Canadian dollar, in relationship to the American dollar, hit the all-time low of 69 cents. This wallowing in despair is, I suggest, caused by instability. My question is this: In view of the undoubted experience of the Honourable Deputy Leader of the Government in this chamber in financial matters, what steps is he taking to advise the government to remove this instability?

Hon. C. William Doody (Deputy Leader of the Government): I want to thank the honourable gentleman for his very complimentary preamble, and I want to congratulate him on his appearance. He looks the quintessence of good health and we welcome him back to this chamber. I am glad to see that his concern over the state of the Canadian dollar has not in any way diminished his good health and his customarily admirable presence.

Having said that, I want to assure the honourable gentleman that the government is doing everything that it possibly can under the circumstances. I have not been privy to the discussions, as the honourable gentleman might have suggested, so I really am not in a position to say what specific steps have been taken at this time. I can only say that I will make the appropriate inquiries of the ministry so as to provide an answer to my friend.

Senator Sinclair: By way of a supplementary, there has been a lot of conjecture on what has caused this drop in the value of the dollar. If mine is the correct view—that is, that the reason for the very low value of the dollar is because of instability in the Canadian economy—then there is a need for action to be taken with regard to this matter. That instability covers a very large spectrum. It goes through the mining sector, through the forestry sector, through the oil sector and through that sector concerning the government in respect of matters of economic advancement. I suggest, honourable senators, that the government is required to take positive action in some, if not all, of these areas. I hope that the Acting Leader of the Government in the Senate will undertake to impress upon his colleagues the need for action now. I hope that he will not suggest that we wait until the budget comes down.

Senator Doody: Honourable senators, I am not in the business of dealing with speculation or conjecture. Knowing as little as I do about economics—which I suspect I have in common with most of the Canadian community—I would suggest that there is a variety of theories that can be put forward, one of which the honourable gentleman has just described as destabilization. I would suggest that the state of the deficit has a great deal to do with this situation. In trying to deal with that, I think that the government is taking a positive step towards stabilizing the situation. I feel positive that the economy, in many ways, is responding.

I will not go through the litany of job creation, drops in the interest rate, drops in the rate of inflation or increases in the number of those employed. I simply want to assure the honourable gentleman that the government is dealing with this matter as best it can at the present time.

Senator Sinclair: Honourable senators, I agree that the deficit is a factor in the destabilization. The last budget, for which my friend speaks, was one of increasing taxes and one which has not affected the results. The deterioration experienced at the end of the year has continued apace in terms of the value of the dollar in trading communities of the world. I hope that, having gone the route of increased taxation, the forthcoming budget will indicate massive reductions in expenditures.

Senator Doody: Thank you.

Hon. H. A. Olson: Honourable senators, I have a supplementary question. The Acting Leader of the Government has indicated that the government, and I quote him, is doing "as best it can" in dealing with the situation. Since the acting leader has just indicated that he does not engage in conjecture, I wonder if he could tell us what is included in those things that the government is doing.

Senator Doody: Honourable senators, I indicated a moment ago that the government is directing the country on an economic course that will improve conditions generally and, at the same time, will reduce the deficit. These are the steps that are necessary to try to stabilize the situation in Canada and restore confidence in the international marketplace. I do not think that that would come as any surprise to the honourable gentleman. Indeed, I am surprised that he has not realized that himself by now.

Senator Olson: I am following a line of questioning in which the Honourable Acting Leader of the Government is an expert. I hope that both he and Senator Murray, who have displayed a keen and abiding interest in matters of this sort, are maintaining that interest. It is fairly critical to a number of Canadians. Therefore, I wonder whether he could give us something more specific than this sort of waffling or withdrawing from the substance of the matter. Are there a few positive steps that the government is taking, because I know

that the Acting Leader of the Government likes to talk in those terms rather than the wistful things that he has said up until now.

• (1410)

Senator Doody: I do not think that "wistful" is the correct word; nevertheless, I recall very well the period of time in this place that the honourable gentleman is referring to, when questions were constantly asked of government ministers by the then opposition, and, try as I might, I cannot recall getting very specific answers to any of these specific questions. I will go back and check *Hansard* to see what positive steps the minister responsible for economic development at that time gave us as examples of government action in this regard, but, off the top of my head, I cannot recall any at this time. I have answered the honourable gentleman to the best of my ability. I will take the matter up again with the ministry and will try to find something more specific for him.

Senator Olson: Honourable senators, if the Acting Leader of the Government has answered to the best of his ability, then I am afraid he will get a fairly low score in terms of ability, because there has been no answer at all.

The other point that I believe should be made at this time is that I believe the Canadian people are more interested in what is happening now, in what action the government is taking, than making a review of the history of the questions that were asked under different circumstances some time ago.

May I ask the Deputy Leader of the Government if he can give us an indication of what, if any, positive steps the government is now taking, from the point of view of producers, with regard to the international oil prices that have been falling significantly since the last Question Period—that is, if the government has any interest in this from the producer's point of view.

Senator Doody: Honourable senators, first let me deal with the preamble. The historical interest in the Canadian dollar was not raised by me. The honourable gentleman raised it on Thursday, when he spoke of Senator Murray's interest and mine; and he has raised it again today. I thought, in all fairness that I should take note of the interest.

Senator Olson: I asked whether you had any interest in this matter.

Senator Doody: That is right, and the interest is still there, believe me. On the question of whether the government is interested in the declining oil prices, from the producer's point of view, certainly the government is interested in the declining oil prices, as, indeed, is everyone in Canada. What has not been established to date is whether we are looking at a long-term trend or whether it is a temporary blip. Will a volatile market start to rise again in one month's time, two month's time, or tomorrow? Someone was telling us recently—I believe the honourable gentleman was at the same meeting—that in one transaction a cargo of crude changed hands something like 98 times as it crossed the Atlantic from the North Sea. That market is so volatile at the present time that I would suggest it is extremely difficult for either government or industry to try to anticipate what will happen within the next few months. I would suggest that the interest is certainly there, but what the government can do about it at the present time, I am not in any position to say.

Senator Olson: Honourable senators, I presume that answer means that the government intends to continue its watching brief, and nothing more.

Senator Balfour: That's your opinion.

Senator Frith: The government is monitoring the situation!

Senator Doody: As Senator Frith says, the government is monitoring the situation.

EXTERNAL AFFAIRS

APPOINTMENT OF CANADIAN AMBASSADOR TO IRELAND—ALLEGED PARTISANSHIP OF APPOINTEE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have a question for the Deputy Leader of the Government on the status of the new Ambassador to Ireland, Mr. Dennis McDermott.

Senator Frith: His Excellency!

Senator MacEachen: I regard that appointment as a fait accompli.

Senator Frith: That's the nicest thing you can say about it.

Senator MacEachen: I regard any ambassador as a representative of Canada and wish every ambassador success in the performance of his work for Canada. However, I want to know whether the normal proprieties which govern the behaviour of Canadian representatives abroad apply to Mr. McDermott, or whether there have been special exceptions made in his case which would exempt him from observing the normal proprieties of his office?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, at this point I really cannot say, but I shall certainly make inquiries for the honourable senator.

Senator MacEachen: Honourable senators, so that the inquiries will be complete, I would like to give the Deputy Leader of the Government the reason I ask the question. Following the announcement that Mr. McDermott had been appointed as our representative to Ireland and after describing himself in an interview as the official representative of Canada to Ireland, he then engaged in that same interview in partisan political discussion. It is understandable that he would praise his new masters. He showered praise on the Tory Party and took the occasion, as he has done so frequently in the past, to kick hell out of the Liberal Party.

Senator Phillips: Oh, no!

Senator Perrault: Shame!

Senator MacEachen: Is it now policy that an ambassador can engage in such conduct? I am serious about this matter. Does Mr. McDermott feel that he can continue in this way, or should somebody in the government draw to his attention that

now that he is speaking for Canada, he only opens his mouth when he is told to do so by Joe Clark?

Senator Frith: And shuts it as well.

Senator Doody: I undertake to pass the honourable gentleman's concerns on as well.

Senator MacEachen: Honourable senators, they are more than concerns.

Senator Perrault: You bet they are.

Senator MacEachen: They are very substantial questions. Is it now possible for a Canadian ambassdor to engage in partisan politics? Does Mr. McDermott's behaviour, following his appointment, of discussing political parties, their merits and their demerits, constitute appropriate behaviour?

Senator Perrault: Of course not.

Senator MacEachen: I want to know whether he has received an exemption for this behaviour or whether he has been rebuked for it. If Mr. McDermott is to carry our support as the representative for Canada, we expect him to follow the proprieties. Furthermore, does he intend, as the official representative of Canada in Ireland, to act as the President of the Canadian Labour Congress?

Senator Perrault: Good question.

Senator MacEachen: I thank the Deputy Leader of the Government for his willingness to carry my concerns to the authorities, but I would ask for information, first, on whether it is now appropriate for Canadian ambassadors to engage in partisan political attacks on any political party in the country and, second, is it possible for a Canadian ambassador to still maintain an important job in Canada while he is the ambassador for the country to another country?

Senator Doody: The short general answer is, as the honourable gentleman knows better than I, that it is not appropriate for any appointed official to undertake the sort of comments or sort of actions described by the honourable senator. As for the specifics of the case, I have to admit that I am not familiar with them and that I shall have to make inquiries.

PUBLIC WORKS

CLEANING SERVICES—POSSIBLE LAY-OFF OF EMPLOYEES

Hon. Lorna Marsden: Honourable senators, we have been reading in the press about the apparent determination of government to lay off 270 cleaning workers who are in the federal domain. As far as one can determine, there seem to be two purposes: first, to reduce the income of this group of Canadians by between $2 and $4 per hour by contracting out the work at minimum wage; and, second, according to Mr. John Gordon of the Public Service Alliance of Canada, to reduce the level of cleaning services available in federal buildings. Will there be a third purpose to this as well? Can the Deputy Leader of the Government tell us, please, what proportion of these 270 cleaning workers are women?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I cannot, but I undertake to find out.

Senator Marsden: I wonder if at the same time the deputy leader would determine what proportion of those being laid off are over 50 years of age?

Senator Doody: Over what age?

Senator Marsden: Fifty.

Senator Doody: Thank you.

● (1420)

PARLIAMENT

CAUCUS ROOMS—ELECTRONIC EAVESDROPPING—APOLOGY BY DEPUTY PRIME MINISTER

Hon. John M. Godfrey: Honourable senators, I have a question for the Deputy Leader of the Government in the Senate. In connection with the apology that was offered by the Deputy Prime Minister, Mr. Nielsen, in the other place yesterday, I think we were all under the impression that it referred to an incident which had occurred in March 1966. However, I watched Mr. Nielsen on television last night, and he excused himself by saying that this was an incident that had occurred 25 years ago.

My question to the Deputy Leader of the Government is to ask if he will inquire from Mr. Nielsen whether his arithmetic is really that bad in that he is incapable of subtracting 1966 from 1986, or whether he was referring to another incident of eavesdropping that occurred 25 years ago that we have not yet heard about.

Hon. C. William Doody (Deputy Leader of the Government): I will certainly make the appropriate inquiry, Senator Godfrey.

Hon. Keith Davey: I would like to ask the Deputy Leader of the Government in the Senate whether the apology made by the Deputy Prime Minister yesterday in the other place applies equally to those senators who are now in the Liberal caucus and to those who were, at the time of the incident, members of the Liberal caucus either as members of the Senate or as members of the other place.

Senator Doody: Since Mr. Nielsen did not specifically call me to tell me exactly to whom the apology was made, I can only assume that it was offered to all of those who were affected.

Senator Davey: The references that I read in the *House of Commons Debates* were to the effect that the apology was made to members of the House of Commons. I would be grateful if the Deputy Leader of the Government in the Senate could find out for us whether the apology does, indeed, apply to the particular senators to whom I referred.

Senator Doody: My recollection was that the apology was made to those people who felt that there was impropriety, or

words to that effect. It would seem to me to be a pretty general, carte-blanche apology. Whether or not that is so—

Senator Davey: Then it does apply to the senators as well?

Senator Doody: I would think so, yes.

Hon. John B. Stewart: Honourable senators, as one of those who, presumably, was overheard, I would like to ask a question of the Deputy Leader of the Government in the Senate. Now that the Deputy Prime Minister has told the House of Commons that he engaged in this kind of activity on one or more occasions, would the deputy leader undertake to ascertain for us the period during which this activity took place for which the Deputy Prime Minister has seen fit to render an apology?

Senator Doody: I will certainly make an inquiry, senator.

AGRICULTURE

WESTERN CANADA—DROUGHT CONDITIONS—GOVERNMENT ASSISTANCE—DISPARITY IN CRITERIA FOR PAYMENTS TO GRAIN PRODUCERS AND BEEF PRODUCERS

Hon. Hazen Argue: Honourable senators, I have a question for the Deputy Leader of the Government which arises out of an announcement made some two weeks ago with respect to an acreage payment to certain grain producers who have suffered crop failure. That payment amounted to as much as $150 million but worked out to approximately $5 or some small unknown amount per acre.

Would the acting leader inquire as to why the criteria used for payment to beef producers in so-called drought areas were different from those used as the basis for payment to grain producers. In other words, why did the Minister of Agriculture tell the beef producers that, because the drought area was a very broad one, as long as they had beef cattle within that drought area, they would be paid on a per-cow basis? However, when it came to paying the grain producers, that same minister said that the payment to them depended not only on the crop failure in 1985 but also on the necessity of having had previous crop failures, and that one of the factors for deciding whether or not the grain producers would be paid would be the average yield of grain within a particular rural municipality, which would be, namely, an area of 18 miles square which comes to 324 square miles.

I know that the Acting Leader of the Government will understand that, within many of those municipalities which were barred because the average yield was somewhat above the criteria that were set, there are many grain producers who have suffered an absolutely total crop failure but who are not eligible to receive one dime out of this program because of the average yield within the rural municipality.

I ask the acting leader why there are two policies adopted by the same government. I ask him, and I do so seriously, and I think he will look into it seriously, to bring to the Senate the rules that a producer in these municipalities that are not eligible but who, in fact, has had a crop failure, must follow to make an appeal to the tribunal. I ask him to try to find out—and this is a serious and important question—the rules that will be used to judge the application of a producer who has had a crop failure, who is in desperate need of money, but who is being barred because neighbours in a given municipality had a better crop.

Hon. C. William Doody (Deputy Leader of the Government): I thank the honourable senator for his question. Quite frankly, I am not familiar with the details of the subject, but I will certainly undertake to get those details from the minister.

Senator Argue: Many of these people are in a desperate financial situation. Just before coming into the chamber today I read a letter written by a woman living in Saskatchewan. She said in that letter that they are being foreclosed, that they are not only losing their own farm but also the father's farm because it was put up as collateral, that they desperately need money but that they are barred because other areas of the municipality fared much better.

I put it to the deputy leader and to the government that the government should be able to do better because the criteria used for the payment to the beef producers—the criteria, not the amount—were satisfactory criteria and were supported. So, what can be done to make it possible for those people who had a crop failure to be paid? Will the acting leader find out when those people can appear before the tribunal?

Senator Doody: I shall do that.

YOUTH

KATIMAVIK—CANCELLATION OF PROGRAM—GOVERNMENT POLICY

Hon. Eymard G. Corbin: My question is for the Acting Leader of the Government in the Senate. I am holding a copy of *Quorum* in my hand, and at page 12 there is a headline from the Montreal *Gazette* that reads: "Don't kill Katimavik jobs program, board begs PM."

By coincidence, on the same page there is an article from *La Presse*, with the following headline, which I shall translate: "Photos in a Tunnel in Ottawa." The Minister of Communications, the Honourable Marcel Masse, the article says, announced yesterday that an old and abandoned railway tunnel would be refurbished at the cost of some $2 million to $3 million to be used as a contemporary photography museum.

I consider myself a serious amateur photographer and, therefore, in principle, have nothing against contemporary museums for photography, but it seems to me rather a strange coincidence that a week following the announcement that Katimavik's throat would be slit the government finds money to allocate to a new contemporary museum for photography.

Is this being done at the expense of building bridges between youth in Canadian communities and between youth and their future?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, my understanding is that Katimavik has been cancelled as a cost-saving measure by the government. I know of no relationship between it and the suggested contemporary museum for photography which the

Honourable Senator Corbin has described. I have been given no indication that the two are related in any way. As Senator Corbin has said, the museum of photography is probably a very worthwhile operation. Frankly, I know very little about it.

I can only say, as I said in the beginning, that this is in no way tied to the decision to cancel Katimavik.

AGRICULTURE

AVAILABILITY OF FINANCIAL ASSISTANCE TO AGRICULTURAL PRODUCTS PROCESSORS

Hon. Hazen Argue: I have a question for the Acting Leader of the Government in the Senate based on an announcement made on Saturday by the federal Minister of Transport, the Honourable Don Mazankowski, in which he informed the country that a $50 million, five-year agreement to provide financial assistance to Alberta farms that process agricultural products has been signed by the federal and provincial governments.

● (1430)

My question is: Is this kind of subsidy or program available to other provinces? Are there any negotiations now going on between the Government of Canada and the Government of Saskatchewan aimed at providing this kind of incentive for firms that wish to establish agricultural processing industries in Saskatchewan?

My next comment, I am sure, is news to no one. It is that the treasury of Saskatchewan has a difficult time competing with the treasury of Alberta in providing subsidies either to the agricultural industry or to other industries that wish to locate in Saskatchewan.

Would the Deputy Leader of the Government inquire as to whether this type of program is available to other provinces and whether there are any negotiations going on today with the Government of Saskatchewan so that in my province we may have the benefit of such a policy?

Hon. C. William Doody (Deputy Leader of the Government): I will take the question as notice and obtain the information for the honourable senator.

SUGAR-BEET INDUSTRY—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, it is a week today since we had our emergency debate on the future of the sugar-beet industry. I wonder whether Senator Doody has received any information from his friends in cabinet as to their decision on a national sugar policy, stabilization payments and the whole bag.

Hon. C. William Doody (Deputy Leader of the Government): I thank the honourable senator for the question. In anticipation of it, I phoned the minister's office just before entering the chamber. Unfortunately, I received no information.

Senator Olson: That is terrible.

Senator Frith: I wish the record could show that you were embarrassed.

PETROLEUM AND GAS REVENUE TAX ACT INCOME TAX ACT

BILL TO AMEND—THIRD READING

Hon. C. William Doody (Deputy Leader of the Government) moved third reading of Bill C-82, to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act.

Motion agreed to and bill read third time and passed.

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Tremblay, seconded by the Honourable Senator Murray, for the second reading of the Bill C-70, intituled, "An Act to amend the Family Allowances Act, 1973".—(*Honourable Senator Marsden*).

Hon. Lorna Marsden: Honourable senators, I should like to defer to Senator Le Moyne.

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

Hon. Senators: Agreed.

[*Translation*]

Hon. Jean Le Moyne: Honourable senators, throughout this debate on Bill C-70 I listened with great admiration and, I confess, sincere envy to several outstanding speakers, such as Senator Rousseau, whose impassioned and moving plea was inspired by heart-felt and ungrudging experience of the harshness of the status of women; such as Senator Croll, who once again, with his truly prophetic sense of urgency, drew our attention to the obligations which flow from social justice; such as Senator Graham, with his rigorous and direct logic, with his telling data; and such as Senator Bonnell, so intensely existential, so eloquently clinical in his description of the very serious matter under consideration. The substance of those presentations was authentically Liberal and, in my judgment, they rank among the noblest lessons of humanity ever heard in this place.

It behooved Senator Tremblay to open the debate. He did so in such a way that, for a moment, I was taken aback. I would imagine that such free-flowing and captivating discourses were heard frequently in the Justinian court. Be that as it may, I must pay this homage to my subtle colleague: I would indeed believe him quite capable of convincing the Devil himself to ponder and to entertain some sober second thoughts. Unfortunately, my colleague belongs to the Devil's party and, apparently, he is doomed to remain ever unrepentant! As I rise to speak after so many magnificent interventions, no wonder I do not feel totally self-confident.

Honourable senators, there is nothing new I can add to the data and figures so expertly presented and analyzed by my colleagues. My modest contribution will therefore be to set forth our position in the Liberal tradition, very briefly. I will refer to our thinking or mentality, and to one specific authority.

The theme of fear was explicitly or implicitly recurrent in the remarks of the Liberal speakers who rose before me. It echoes the clearly expressed apprehensions heard by the Senate committee on social affairs.

The fear of being unable to cash in the small family allowances which poor families have come to expect each month at the same date. The fear that this small cheque might not come because it has been lost or stolen. The fear, bordering on ferocious anxiety, which so many recipients, most of them single mothers, feel when, on the appointed day, they keep an eye out for the postman. The fear that they might be deprived of this necessary and ever insufficient money, for too many of them the only source of personal income. The fear that the allowance might be decreased by arbitrary action of the state, supposedly to curb inflation or reduce the national deficit. The fear that the allowance might eventually be deferred pursuant to some administrative rationalization—that mirific euphemism which covers any and all cut-backs made at the expense of poor people in particular and wage earners in general.

Fernand Céline said: "The poor are exact." They are impatient as well, which may sound scandalous to some people, but Moses says so in a spirit of sovereign charity in Deuteronomy, chapter 24, verse 15. The impatience of the poor was assumed by Moses, by the prophets, and by Christ. Whatever any poor person needs, he or she needs it right away, be it 50 cents or $50. And in the case of family allowances which the poor need, the impatience is that of life itself striving to survive in poverty and seeking to sustain other dependent lives so that such small lives might at least be lesser blessings rather than outright maledictions.

As I speak in these terms, I draw inspiration from remarks we heard last week, and I rely upon one of the leading masters of Liberal thinking and action, Mackenzie King. The parallel which naturally stems from my reflections faithfully mirrors the sound vitality of Liberal thinking and the permanence of our party's social traditions.

[*English*]

Honourable senators, the Liberals inherited from Laurier's successor a particular empathy for the weak and the poor, an empathy overpowering enough to overcome, through the temptations of the years, the constant reluctance and the stubborn resistance of selfishness, a common malady right or left, so that the country was gradually endowed with a most humane and advanced social régime. In a book unjustly forgotten, and mocked, especially by those who never read it, Mackenzie King wrote on the social question with an extraordinary depth of feeling and a truly prophetic authority. One can find ample matter for meditation and ample cause for uneasiness in *Industry and Humanity*, published in 1918.

[Senator Le Moyne.]

Given our current preoccupations, King's treatment of the theme of fear is truly uncanny in its actuality. A lot indeed has happened for our betterment since his time, but certainly not enough to prevent all possibility of regressions. In that respect, the desire to abolish the principle of universality in the realm of social welfare is a most ominous symptom. Let me quote King who wrote:

> There is legitimate fear where, as respects work done, compensation is wholly inadequate and insufficient to sustain life. This is the case in the sweated trades, where men, women, and children, through extreme necessity, ignorance, incapacity, or other cause, sacrifice vitality to industry, and well-being to rapacity.

• (1440)

Quoting further from Mackenzie King:

> There is legitimate fear where, despite willingness to work, work is not to be had.

Identical fears among the youth of Canada have just been exacerbated through the mindless abolition of the Katimavik program. I trust that Senator Hébert will have more to say about that iniquity.

To quote Mackenzie King again:

> There is legitimate fear where, through sickness and invalidity, the capacity to earn is gone, and hard won and scanty savings of months, and often of years, become drawn upon and exhausted. He who has never endured impaired health, where all else is dependent on health, can know nothing of the terrors of this fear.
>
> There is legitimate fear where age is confronted with the alternative of poverty or dependence. Such is the case where the stress of competition drives the weak and infirm to the wall; where employers, because of compensation laws and the risks of industry, refuse employment to men of years; where increasing cost of living and diminished earnings make adequate provision for age impossible apart from constant employment.
>
> There is legitimate fear where a woman is suddenly left without support for her children.

Yet again he says:

> . . . there is legitimate fear where the privation consequent upon unavoidable loss of work is aggravated by the necessity of extra outlays. Such is the case where to a woman engaged in industry, or in the family of any worker, a child is born, and domestic happiness is clouded by uncertainties of employment and health;—

—this should be underlined in red and blue:

> . . . and the habit of saving menaced through inability to protect small sums previously set aside.

King then proceeds to show how these fears have been alleviated to a certain extent through legislation concerning minimum wages, maximum hours, unemployment insurance, health and invalidity insurance, old age pensions, widows' and mothers' pensions, maternity benefits and so on. As we all know, family allowances were added in due time.

It is now the intention of the government to grind down the indispensable small sums, so pointedly noted by Mackenzie King and by so many of his followers, so opportunely assured, up to now, by the family allowances program.

Previous speakers have clearly shown how illusory is the justification of replacing somehow, eventually, the present allowance by a tax credit, a measure which would never amount to any significant saving for the state unless the government intends to reduce by all possible means the pain in the neck and in the pocket of the high cost of a comprehensive and universal social welfare system like ours. The Tories must dream of leasing everything from the holy private sector, just like their counterparts down below who are giving away health care to big, delicately altruistic outfits, and who entertain the idea of selling the Capitol, the White House and other similar joints, and then saving money by leasing them back. The Pope and Mitterand should be offered some really good bargains, on account of their vast real estate holdings. And why not give away by contract the very administration of the country, so that bungling ministers could be fired, so that everything could be ruled by a single rule, that of the sacred bottom line? By this attitude the government betrays what any psychiatrist would call a "complex of the small profit." By delaying the payment of the prestations, it would cruelly flout the legitimate fear and the legitimate impatience of the poor. Using almost the same words as those of Deuteronomy, King writes tersely:

> Labour has to be fed, and cannot wait.

It is easy, honourable senators, to discern the poor through the word "labour." Well, all of us here, we can wait; capital can wait and industry can wait, because affluence means much more than money. It also means alternatives, opportunities, detours, fences, trenches, buffers, dodges, and all sorts of time-generating devices and pleasant waiting slots; whereas the poor are relentlessly pursued by a hostile time and run down to exhaustion. The ghost of King will, no doubt, have forgiven me a little paraphrasing.

May the government relent. May the government decide to maintain the full amount of the family allowances with their full indexation, and their present calendar, in deference to the most noble tradition of the land. It would be such a memorable and generous gesture; it could start the growth of a lot of badly needed political hay, or, according to the other usual vulgar metaphor, it would be worth a lot of wanting political mileage. Too late, saints and sinners, too late: the government would lose face. But, my word, that should not be much of a problem, since nothing is left of its face but a pair of ears!

On motion of Senator Turner, debate adjourned.

DIVORCE ACT (BILL TO AMEND)
DIVORCE BILL, 1985
FAMILY ORDERS AND AGREEMENTS ENFORCEMENT ASSISTANCE BILL

SECOND READING—DEBATE CONTINUED

On the Orders:

> Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Marshall, for the second reading of the Bill C-46, intituled: "An Act to amend the Divorce Act".—(*Honourable Senator Neiman*).
>
> Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Marshall, for the second reading of the Bill C-47, intituled: "An Act respecting divorce and corollary relief".—(*Honourable Senator Neiman*).
>
> Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Marshall, for the second reading of the Bill C-48, intituled: "An Act to provide for the release of information that may assist in locating defaulting spouses and other persons and to permit, for the enforcement of support orders and support provisions, the garnishment and attachment of certain moneys payable by Her Majesty in right of Canada".—(*Honourable Senator Neiman*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Neiman is not able to be here today. I believe that Senator Bélisle is ready to make an intervention on this subject. Therefore, we yield to Senator Bélisle.

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

Hon. Senators: Agreed.

Hon. Rhéal Bélisle: Honourable senators, I should like to thank Senator Frith for giving to me the opportunity to be heard today. Before beginning my discussion of Bills C-46, C-47 and C-48, I would like to compliment the sponsor of these bills, the Honourable Senator Nurgitz, for a very good presentation of a difficult situation. He has done his best to convince us that the government is doing the right thing. Unfortunately, he did not sway me.

Honourable senators, I would like to speak on the subject of Bills C-46, C-47 and C-48, to amend the Divorce Act and on important related matters. I understand the policy behind the proposed amendments to the Divorce Act. I realize that using the fault grounds of adultery, cruelty and the like in order to get a divorce may make a bad situation worse. Allowing a man or a woman to accuse a spouse of misconduct in the marriage may intensify the tension between them. It may well hurt their children, either directly, by bringing them into the court process, or indirectly, by having to face the effects of additional quarrels over which parent acted well or acted badly.

Nevertheless, I believe that the policy behind these amendments is far from complete. For that reason I cannot, in all conscience, support these bills.

The constitutional power which underlies the Divorce Act is a power over not only divorce but marriage and divorce. I do not quarrel over the right and, indeed, the obligation of the federal government to develop laws which make the process of divorce more humane—which allow a couple to dissolve their marriage with as few obstacles as possible—once it is established that it is not possible for them to live a life together. However, together with the obligation to make divorce more

humane is the obligation and the responsibility—and I do not hesitate to call it a moral responsibility—to recognize and support the marriage bond and the duties that arise out of marriage. I do not see the bill as accomplishing this.

First, the bill proposes simply that a couple who have been separated for one year shall be allowed a divorce. There are no new provisions to ensure that they have made a real attempt at settling their differences, at trying to make their marriage work. The old reconciliation provisions have been kept—namely, clause 9 of the bill—but they are inadequate. It is not enough to ask a lawyer to discuss the possibility of reconciliation with his client. A lawyer has been trained to carry out the wishes of his client, not to change them through counselling and persuasion. It is far too late to have the issue of reconciliation brought up at the divorce hearing. Moreover, what is to happen, what serious thought can be given to reconciliation, when there is no judge, when a court administrator takes over the role of a judge, which the new bill will permit?

• (1450)

Finally, the bill would dilute such effect as the present law has in the area of reconciliation, by allowing those involved in the court process to focus on the settlement of claims between the two parties on the ground that there is no prospect of reconciliation. Certainly marriages can die; but it is the job of legislation to try to ensure that they live, and not simply to assume that they are dead.

In 1983 the divorce rate in Canada, as measured by Statistics Canada, was 371.3 divorces per 1,000 marriages. There are some who say that this figure is too conservative and that the actual rate for the years 1980 to 1984 was closer to 50 per cent. Official divorce statistics record only legal divorces. Sociologists have estimated that there may be at least as many separations as legal divorces. This suggests that the rate of marriage dissolution could be twice as high as the official statistics indicate. Because no legal document is required to separate from a spouse, the government cannot keep statistics on separation rates. In the United States, according to all recognized statistics, the divorce rate was 60 per cent in 1984. In Sweden it was 61 per cent. Those figures do not tell the whole story. Statisticians in California, for example, claim that the trend in that state is for all marriages contracted now to end in divorce. If we allow couples to divorce after one year of separation, without ensuring that they have done all they can to fulfil their marriage vows, we will surely see these kinds of figures in Canada.

Marriage is a relationship which involves many responsibilities, chief of which are one's obligation to one's children, to raise and educate them to the best of one's ability. But there are also responsibilities which husbands and wives have toward each other. It is still the case today that many wives do not have an income of their own, nor do they have any means of earning a decent income, because they have spent much of their time raising children or making a home for their husbands. Divorce may remove the only source of support for those women and their children. As most women's groups have pointed out—the National Action Committee on the Status of Women; the Canadian Advisory Council on the Status of Women, whose job it is to advise the government on matters which concern women; and the National Association of Women and the Law—this is a second area with which the bill fails to deal in any adequate way.

The bill does provide guidelines for determining support orders for women and children, but those guidelines reveal no policy. Instead they would change the present law for what may be the worse. They would allow judges at their discretion to make support orders which would cease after a certain amount of time and which could not be renewed. What will happen when such an order is made on the ground that a wife ought to be self-sufficient in, say, three years, and that wife has no job in three years? Is she then to go on welfare?

What will happen to the family if the husband becomes involved with another woman and has more children? What is the government's position on where his obligations lie? The bill says only that an order can be changed to recognize the disadvantages that result from marriage breakdown, or to relieve grave economic hardship. This is not policy. It is an abandonment to the judges of what is properly legislative responsibility.

Finally, as women's groups have also pointed out, the issue of support is bound up with the issue of enforcing orders for support. The best information we have is that two thirds of all support orders have not been fully complied with and that in one third of those cases the supporting spouse has not made a single payment. In many cases he has left the area where his wife and children live, and not infrequently he has left the province. Present laws place a large part of the financial burden of finding the defaulting spouse and enforcing support order on his wife—the person least able to bear this burden.

How are those women and their children to be helped? Certainly the bill contains no provisions which deal adequately with the problem. Yes, the government tells us that under the bill judges would be able to use the husband's property as security for unpaid support. But it is not clear whether his wife could force a sale of the property to recover money for herself and her family. I know that in Ontario this is about to be remedied; but Ontario is only one of the ten provinces and two territories—and, what is even more important, how many families own enough property for this provision to make a difference?

I know that the federal government will answer all of my criticism by saying that it cannot develop effective policies regarding conciliation, enforcement of support orders, and perhaps even support itself, without consultation with, and the agreement of, the provinces. If that is so, the government must do this first and then present us with legislation. The government must understand that constitutionally and morally divorce is bound up with the responsibilities of marriage. Divorce legislation cannot be piecemeal. It must cover a range of issues connected with the family and the duties that this institution embodies—duties which are its great strength. No matter how beneficial Bills C-46, C-47 and C-48 may seem to

be, the benefits can only be short-term. The problem of divorce demands a long-term solution.

I oppose Bills C-46, C-47 and C-48 because, in many ways, to me they represent an abdication of responsibility with respect to the family.

In the same context—namely, the role of the government and Parliament in preserving the family—I wish to raise another important matter, which is the government's obligation to respond to problems raised by the development of such human reproductive techniques as artificial insemination, test tube fertilization and embryo implantation. These techniques would allow reproduction to take place independently of any relationship between a man and woman and even independently of a woman who is the genetic mother of the child. Of course, these techniques enable a couple who could not otherwise have their own children to participate in the process of creating and bearing a child, and they hold great promise in this regard.

● (1500)

However, they may be used in ways which will dehumanize this process and destroy the family as the institution primarily responsible for our children, and so, our future. I am referring to the possible consequences of sperm and egg banking. I am also thinking of sperm banks in connection with advances in human genetics which are bound to come, advances which may tempt us to breed certain kinds of humans as we now breed certain kinds of animals. Recently Dr. Patrick Steptoe, the same English scientist who developed the process of test tube fertilization, announced that they are very near to being able to identify the sex of the human embryo within five days of fertilization. "Once the test is perfected," said Dr. Steptoe, "we can immediately tackle some of the sex-linked diseases and we should be able to eliminate some of them." He added that the test would also enable parents to choose the sex of their children. First we eliminate diseases, then we choose whether we want a boy or a girl. What will we choose to do next?

We are human beings. We are not cattle. We are not race-horses. As individuals and as a species we have the potential to develop in a variety of ways and to benefit from our diversity. We are only human; we are not gods. We do not have the foresight to determine who is fit to be born and who is not, or whose intellectual or physical capacities and characteristics should be passed on and whose should not.

I do not have answers to all the questions raised by the new technology. I do stress that we as a society must soon begin to develop answers through our institutions and especially through our legislation. This is not an area for a policy of laissez-faire. I call on the government to come forward with policies and, again, I require that it develop policies which will preserve and strengthen the family. More specifically, I have a recommendation with respect to sperm and egg banks. They must not be left in private hands. We do not want or need a market in human reproduction, a market to cater to our vanity and our whims by storing only the genes of those with a certain IQ, or those from certain families, or those who have performed such and such deeds. The government must regulate these banks. I understand that the government has been studying recommendations to this effect since 1981. I hope that it will present us with legislation, or encourage uniform provincial legislation at the earliest possible date. I hope, too, that the government, as our representative and our leader, will be humble in its regulation. It must be ever mindful that the purpose of all this technology is not to create a test tube super race, but to enhance the social institution that has furthered and benefited us for so long.

[*Translation*]

Honourable senators, the research carried out by the former Government of Canada on divorce is insufficient. The present government had to review everything. Some of the amendments proposed in Bill C-47 need further study. In particular, the government must examine the analyses and evaluations made in other countries, such as in the United States where no-fault divorce is a fact of law.

The facts which seem to come out of the research carried out where no-fault divorce exists are as follows. An example is the 1969 Family Law Act of California. Contrary to the notion that no-fault divorce will reduce legal costs, which is at the basis of the wish to amend the Canadian legislation, the facts show that California couples have paid more to get divorced since the law has been changed. The hard debate has simply been deferred to the second round and the costs are proportional.

Contrary to the notion that no-fault divorce will reduce conflicts between spouses, which is another reason given by the government to amend the legislation, the facts show that the separation is not as civilized as we want it to be. Once more, in most cases, the crisis is simply deferred and made even more bitter and more costly in all aspects.

Many surveys show that quick and easy divorce has a serious chain reaction effect. Psychological research points to the same conclusion. Easy divorce reduces the will to look actively for answers to solve normal conflicts in the life of a couple.

Young people find it hard to believe in an institution which the state views so lightly. Quick and easy divorce creates a cynical attitude towards the institution of marriage among young people. This could seriously affect their personal life.

Honourable senators, the right to have a mother and a father is one of the basic rights of a child. This right is closely related to the development of his own personality. By introducing no-fault divorce, and thus making divorce a private matter, is the state not leaving children on their own? Does the modern state not have the duty to protect, by appropriate legislation, the right to have parents which, after the right to life, meets the most important need of a child, as stated in clause 6 of the Universal Declaration of the rights of the child?

[*English*]

Honourable senators, before closing these remarks, I would bring to your attention the great amount of research that was

done by a very able reporter of the Ottawa *Citizen*, Mr. Greg Weston, in the five full-page articles of January 20,21, 22, 23 and 24, 1986. I hope some senators have read that report. It is the first time in my 23 years in this august assembly that I have seen such a well-researched report. Let me say to you that the public has been greatly enriched by the service rendered by this reporter on this very important piece of legislation, namely divorce.

● (1510)

On motion of Senator Stanbury, debate adjourned.

VISITORS IN GALLERY

THE HON. BILLIE MILLER, MINISTER OF EDUCATION, BARBADOS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I would like to call your attention to the presence in the gallery this afternoon of a very distinguished visitor to our country, the Honourable Billie Miller, the Minister of Education for Barbados. Ms. Miller is visiting Canada on official business. She is presently engaged in discussions with the IPPF, Western Hemisphere Region. I understand that she will also be meeting with CIDA officials and with the Honourable Joseph Clark. I take great pleasure in welcoming her to the Senate, particularly in light of the fact that her cousin sits here with us in the chamber.

Last year, I had the extreme good fortune to visit Barbados and sat at dinner with the honourable minister. I had a delightful meal and enjoyed pleasant conversation. I wish her well. I hope her stay here in Canada is an enjoyable and productive one.

She is accompanied by His Excellency the High Commissioner for Barbados, Mr. Whitehead, and Dr. Hernan Sanhueza, the Regional Director of IPPF, Western Hemisphere Region, whom I also welcome.

Hon. Senators: Hear, hear.

TORONTO HARBOUR COMMISSIONERS' BILL, 1985

SECOND READING—DEBATE ADJOURNED

On the Order:

Resuming the debate on the motion of the Honourable Senator MacDonald (*Halifax*), seconded by the Honourable Senator Murray, for the second reading of the Bill C-76, intituled: "An Act respecting the operation of the Toronto Island Airport by the Toronto Harbour Commissioners".—(*Honourable Senator Stollery*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I do not think that Senator Stollery will be able to deal with this matter this week. I hope to intervene in this matter tomorrow, so perhaps the debate can be adjourned in my name.

On motion of Senator Frith, debate adjourned.

[Senator Rh]

INTERNATIONAL TERRORISM

MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE—DEBATED CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Marshall:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues of current and likely future terrorist activity in Canada, directed at Canadians or using Canada as a base for extra-Canadian activities;

That the Committee make specific recommendations on the Government of Canada's policies with respect to terrorism; the protection of Canadians and Canadian federal and provincial government representatives abroad; the role of the media in reporting terrorist threats and incidents; the ability of conventional law enforcement organizations in Canada to deal with specific terrorist incidents; and the need for an anti-terrorist organization in Canda, its role and reporting relationship;

That eight Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;

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

That the Committee have power to adjourn from place to place within Canada;

That the Commitee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and

That the Committee present its report no later than October 1, 1986.—(*Honourable Senator Hicks*).

Hon. Henry D. Hicks: Honourable senators, on Thursday last, I intervened on this matter largely because of a point arising from the mover's concern about the cost of establishing a special committee to inquire into this matter. At that time, I completed the remarks that I wanted to make which, as those of you who were here at the time will recall, were that the Senate should never allow its activites to be circumscribed or inhibited because of the cost of servicing a committee if that committee is established to do a worthwhile job. That was the point that I wanted to make. I did not speak, nor do I intend to speak, on the substance of the motion and therefore I give way to whoever wishes to follow me in this debate.

On motion of Senator Frith, debate adjourned.

LEGAL AND CONSTITUTIONAL AFFAIRS

STUDY OF SUBJECT MATTER OF BILL C-67 AND BILL C-68—COMMITTEE AUTHORIZED TO ADJOURN FROM PLACE TO PLACE

The Senate proceeded to consideration of the Fifteenth Report of the Standing Senate Committee on Legal and

Constitutional Affairs, presented in the Senate on 30th January, 1986.

Hon. Nathan Nurgitz moved that the report be adopted.

He said: Honourable senators, in moving the adoption of this report, I would like to make a couple of very brief comments. The report deals with the reference to the Standing Senate Committee on Legal and Constitutional Affairs of Bill C-67 and Bill C-68 for pre-study. These bills deal with the Penitentiary Act and the Parole Act, and specifically with those matters relating to the entire early-release system that operates within our penal institutions dealing with both parole and mandatory supervision.

We have now received briefs from the inmate committees of three penal institutions, namely Drumheller in the province of Alberta, Prince Albert in the province of Saskatchewan and Stoney Mountain in my own home province of Manitoba. Incidentally, these three institutions are representative of the system since one is a minimum-security institution, one is a medium-security institution and one is a maximum-security institution.

In view of the fact that the committee has received these briefs, it was their view that the committee would do well not only to visit those institutions to meet with the inmate committees, but also to meet with the staff, that is to say, the wardens and deputy wardens and others involved in the administration of the penal system.

While the report indicates that there would be perhaps as many as five members of that committee travelling, after discussions with our chairman, it now appears that perhaps the number would be three or four. We are hoping that, in each instance, a member of this chamber from the province involved will be in attendance during those visits.

Senator Hastings, who has a great interest in this subject, will be travelling throughout with the committee.

I commend the entire report and its substance to honourable senators and say that I think this is the kind of work that Senate committees ought to do. In other words, to go out into the field and learn first-hand what it is that we are dealing with, and while this is a monetary matter, I assure all honourable senators that the amount which it is expected will be spent is well within the budget of the committee. I suspect that, by the end of the year, the committee will not have spent 50 per cent of the budget that it sought and received from the Standing Committee on Internal Economy, Budgets and Administration. I would point out to honourable senators that this is a committee that is very mindful of costs and is, in fact, frugal in its spending of public funds.

I urge the adoption of the report.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I listened with attention to what Senator Nurgitz had to say. Although I have not participated in this aspect of the committee's work as closely as, perhaps, some of my colleagues have done, I know that what he says is correct. I want to underline the fact that our colleague, Senator Hastings, as Senator Nurgitz has said, is very deeply interested and very well informed on this subject. He is unable to be here this week since he is away on parliamentary business, but I know that if he were here, he would want to support this motion and would urge us to support it also. For that reason, I support the motion of Senator Nurgitz and suggest that we adopt it immediately.

Motion agreed to and report adopted.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, February 5, 1986

The Senate met at 2 p.m., the Honourable Rhéal Bélisle, the Acting Speaker, in the Chair.

Prayers.

QUESTION PERIOD

[*English*]

BOARD OF GRAIN COMMISSIONERS

TERMINATION OF APPOINTMENT OF MEMBER—STATUS OF CHIEF COMMISSIONER

Hon. Hazen Argue: Honourable senators, I have a question for the Acting Leader of the Government in the Senate which arises out of recent action, presumably, by the cabinet, namely the passing of an Order in Council to fire from her position Dr. Beth Candlish, a member of the Board of Grain Commissioners. I want to ask the acting leader when that was done, and on what grounds.

Dr. Beth Candlish, with a PhD in Animal Nutrition and Biochemistry, is probably one of the most qualified persons to sit on a public board in this country and I would like to know why she was singled out for attack. I would like to know whether she was acting in an incompetent way or whether she was doing anything that would reflect on her work. In other words, was there any cause or reason for her firing?

I would like to say to honourable senators, in order that they will have this information, that Dr. Beth Candlish has an excellent standing and commands great respect in the agriculture industry for the work that she has been doing as a member of the Board of Grain Commissioners. I say to you that this firing calls into question the government's attitude to this board, because the responsibility of this board is the grading system for western grain, the integrity of that grading system and, yes, the integrity of the marketing system.

I would also like to inform honourable senators that there is a suspicion held by some very important people in the grain industry in western Canada that this firing is part of a plot by the Conservative government to allow into the system large quantities of dwarf varieties of wheat and other lower quality grains with a resultant reduction in the high standard of grain quality going into the marketing system. There are elements that have a vested interest in tearing down this kind of excellent system and I am absolutely appalled that a government should single out this woman and fire her. I think it is a reflection on women generally and I feel the women in this country should be up in arms about this matter. I would like to have some kind of explanation as to why this action was taken.

Hon. C. William Doody (Deputy Leader of the Government): I will certainly make every effort to obtain the information the honourable senator has asked for.

Senator Argue: When the acting leader is obtaining that information—it will be interesting to have it—would he determine if there is any truth to the rumour that Del Pound, the Chief Commissioner, is going to be fired, too, and if so, is he going to be fired because last fall he took a very strong position against the reduction in grade standards and the action that allowed the door to be opened wide to dwarf varieties and inferior grades?

I ask that because the very basis of the successful functioning of the overseas market for Canadian grain is based on our grade standards. I hope I can get the assurance from the government that Del Pound is not to be the next one to receive the political axe from this government.

Senator Doody: I will take that as notice as well.

STATUS OF WOMEN

AFFIRMATIVE ACTION LEGISLATION—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, last weekend we were treated to the spectacle of our Minister of Justice making some inappropriate remarks, for which he has already apologized, concerning his willingness to eavesdrop. Today we are treated to the spectacle of the Minister of Employment and Immigration promising, apparently, to intimidate corporations if they do not comply with proposed legislation introduced by the minister in the House of Commons, and which legislation is so vague and toothless that it would be impossible for any employer, union or worker, to figure out what they should do. I should like to know if it is the policy of this government to govern by intimidation.

Hon. C. William Doody (Deputy Leader of the Government): I do not think it is the policy of this government or the previous government to govern by intimidation.

I understand there is a law on the books governing the conduct of companies in these situations, and I think it is quite reasonable for a minister, of whatever stripe, to insist that the law be followed, and I think it is the minister's duty to see that it is followed.

Whether there are some deficiencies in that particular statute or not, I am not in a position to comment on, but I find nothing objectionable about a minister telling a corporation, a group or any citizen that the law must be followed.

Senator Marsden: I wish the minister had told people that the law had to be followed. I quite agree with you when you say that that is the appropriate way to govern, but, in fact, the

legislation—which has not yet been passed—does not make it possible to follow the law. It is not possible to follow the proposed law.

The minister has said—at least the newspaper articles have stated this—that she will "publicly embarrass them if they do not produce results."

I wonder if you can tell us whether it is the plan of this minister to follow in the footsteps of her colleague and apologize for her statement.

Senator Doody: I am not convinced that the minister has anything to apologize for at this point. I heard the senator quote a newspaper article alleging that the minister said thus and so about a law that has yet to be passed. I cannot comment further on that particular question.

Senator Marsden: It is precisely because the law has not been passed that makes this, in my opinion, such an outrageous statement for a minister of the Crown to make.

The minister goes on to say that there will be stringent monitoring requirements. Can the acting leader tell us how the minister plans to monitor these companies? That, of course, is not spelled out in the legislation, the discussion paper, or anything we have heard so far.

Senator Frith: A wire-tap, perhaps?

Senator Doody: I cannot answer that question. I really do not know what the monitoring process will be, but I will certainly make an inquiry if the honourable senator wishes me to do so.

Senator Marsden: I would be most grateful if you did, and also if you provided any other clarifications that might be forthcoming about the plans of this government, through exposure, to publicly embarrass rather than operate by the rule of law.

REQUESTS FOR ANSWERS

Hon. H. A. Olson: Honourable senators, I have a question for the Acting Leader of the Government. I wonder if the acting leader could do something about providing answers to questions that we have asked in the past.

I, for example, asked eight questions that the Leader of the Government in the Senate and the Acting Leader of the Government in the Senate took as notice and promised sincerely to provide responses to on an as-soon-as-possible basis. One of those questions was asked as long ago as April 23, 1985; one was asked on June 11, 1985; one on December 17, 1985; one on December 18, 1985. As for the others, I guess I can be a little more forgiving because they were all asked in January, but even for those there has been sufficient time for replies to have been given if the Leader of the Government and his office were really seeking those replies. I think it reasonable to say that replies to those questions could have been given by now.

• (1410)

I would ask him nice and gently—and persuasively, I hope—to see if he can use his powers of persuasion to get answers to these questions. I will send him a list of the unanswered questions, if he so wishes.

Hon. C. William Doody (Deputy Leader of the Government): I was going to ask the honourable gentleman if he could let me have a copy of his list. I would certainly find that useful.

I appreciate his gentleness and I am swayed by his persuasiveness.

Senator Olson: I should like to add one point and that is: He may take the position that time has overrun some of these questions, and assume I would find an answer in newspapers or some other source. However, as far as I am concerned, such responses would be unsatisfactory. I asked these questions of the Leader of the Government and I think that he and the departments to which he makes the references should afford me the courtesy of accurate replies directly from them rather than through an interpretation by some reporter.

Senator Doody: Thank you.

Hon. Joyce Fairbairn: Honourable senators, I do not have a list since I have only one question to which, as you know, I am impatiently and anxiously awaiting an answer.

Could Senator Doody enlighten us today if there has been any progress whatsoever concerning the question of the future of the sugar-beet industry, and the national policies or stabilization payments for 1983?

I understand that the Minister of State for the Canadian Wheat Board, who has been in charge of this issue, may be leaving for a while next week which adds to the urgency of receiving some indication now.

Senator Doody: I appreciate the honourable senator's question. I am afraid that I am in the same position as I was in yesterday. I was unable to obtain any information for her, but I will continue to press the ministries involved and, hopefully, this embarrassment will cease shortly and I will be able to provide the information.

Senator Fairbairn: I will give the honourable senator every incentive he needs to keep pushing.

Hon. Charles McElman: Honourable senators, may I join with Senator Olson in the gentle nudging of the Deputy Leader of the Government? I, actually, have precedence over him since I have two questions on the order paper, one of which goes back to March 19 of last year, to be found at page 657 of the *Debates of the Senate*, and the other on June 13 of last year, to be found at page 1021.

I would appreciate it if the deputy leader could also move those along.

Senator Doody: I will do what I can.

CANADA-UNITED STATES RELATIONS

TRANS-BORDER POLLUTION PROBLEMS

Hon. Joseph-Philippe Guay: Honourable senators, there is some suggestion by officials of the American government that

they would like to create a nuclear disposal dump in North Dakota, south of my province, Manitoba. I believe there is a possibility that that situation could affect the water sources running into the Red River flowing into Canada, which, of course, would be a disaster. Would the Deputy Leader of the Government look into this serious matter and bring us up to date on what is taking place?

This matter is of concern to all citizens in my province, not only those directly affected by potential water pollution. I am sure it is also a concern of the people of North Dakota. Could the matter be looked into seriously?

Hon. C. William Doody (Deputy Leader of the Government): I shall certainly make every effort to obtain an answer for the honourable senator.

INCOME TAX ACT AND RELATED STATUTES

BILL TO AMEND—THIRD READING—ORDER STANDS

On the Order:

> Third reading of the Bill C-84, intituled: "An Act to amend the Income Tax Act and related statutes and to amend the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Financial Administration Act and the Petroleum and Gas Revenue Tax Act".—(*Honourable Senator MacDonald* (*Halifax*)).

Hon. Finlay MacDonald (Halifax): Honourable senators, I move third reading of this bill.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to rise on a point of order on Order No. 1 before the question is put.

The Hon. the Acting Speaker: You may do so now.

Senator MacEachen: I regret that I have risen to impede, in a sense, the eloquence of Senator MacDonald (Halifax), but I can assure him that my point of order relates to what I consider to be a principle of parliamentary procedure which I have contemplated raising for some time. I raise the question today because of the importance of Bill C-84 and because I had attempted to follow the progress of this bill not only in the House of Commons but also in the committee of the Senate. I know that this bill received pre-study by the standing Senate committee and I believe that the printed proceedings of the pre-study were available to all honourable senators. I was interested in the representations that had been made by various groups, when the pre-study was undertaken, to the effect that insufficient time had been granted to them to appear in the course of the hearings on the pre-study of this bill.

Subsequently, of course, the Senate gave the bill second reading, and the committee did hear a limited number of witnesses. I have no complaint about that. I wanted to examine the evidence that had been given in that limited hearing by those witnesses.

I asked my office to call the clerk of the committee so that I could have sent to me a copy of the evidence which was taken

[Senator Guay.]

by the committee and which has not been made available in printed form to any honourable senator. I then learned—it may be inaccurate, but that is the information I received—that the printed evidence will not be available for at least two weeks.

Honourable senators, we are faced with this major tax bill of great importance and we are being asked to proceed to the final stage of the bill without having available to us in printed form the evidence that was taken in committee. I have attempted, in the short time at my disposal, to look into this matter from the point of view of the Senate. I discovered that this is not a new problem and that, as far back as 1975, the late Senator Benidickson, for example, raised a point of order on a bill and made a very strong plea that the bill not be proceeded with until the rules had been complied with and all honourable senators had a printed copy of the evidence which had been taken by the committee. His words are as follows:

> I attempted to obtain today a copy of the proceedings of the meeting of the National Finance Committee which was the basis of the Senate study on the supplementary estimates . . .

Later on, he goes on to state:

> . . . but I still have not received the committee evidence from a week ago and I did not take notes at the time.

In order to deal properly with the bill, he felt it necessary to have the printed evidence. I am in somewhat the same situation as that faced by Senator Benidickson and, I am sure, many other honourable senators, when dealing with bills. It is for that reason that I raise the point of order.

In the House of Commons, it would be unthinkable for a bill to proceed to third reading, for example, if any member wanted the printed evidence and that evidence were not available. I can cite discussions in the House of Commons. Indeed a former member of the house who is now sitting on the front bench—namely, Senator Olson—participated in one of these procedural arguments in which he supported the view very strongly—later supported by the Speaker of the House of Commons—that it was customary that the printed evidence be available to all members before a bill goes to third reading or to the relevant stage.

• (1420)

Honourable senators, I want to make it clear that, from my point of view, I find this practice unacceptable. I believe it is very unsatisfactory that honourable senators should be asked to deal with the third reading and to get the printed evidence—which is the only official account of what has happened—two or three weeks later. In fact, I am told that currently printed evidence is made available in the House of Commons within two to four days of the committee meetings. I am also told that in the Senate the printed evidence is made available only within two to six weeks. I do not stake my seat on that evidence, if it were possible to do so, but that is information that has been given to me. I do not believe that the precise dates are important. What is important is that members of the House of Commons do receive the printed evidence,

and if they do not have it they refuse to deal with the bill. The Speaker supports the move, and custom supports it; and I believe the same practice, if insisted upon, would have to prevail in this chamber.

I am not blaming anyone for this because, as has been stated, I believe it has prevailed in the past. In other words, I am not blaming the government. But I am asserting that, from my point of view, it is unsatisfactory to be asked, as a senator, to deal with a bill of this major importance and not to have available the printed evidence taken by the committee—a very important committee.

An Hon. Senator: Hear, hear.

Senator MacEachen: What is the point of receiving the printed transcript of the evidence two weeks or four weeks from now? It will have no effect on the legislation. It will have no influence on how we deal with the legislation. Its only purpose will be archival—

An Hon. Senator: That's right.

Senator MacEachen: —and the purpose of sending bills to committees is to have evidence and to have the consideration of that committee, which is then made available to all senators.

When I first came to the Senate, I was astonished that in most cases a bill received very little consideration in the chamber itself. I was astonished that there would be a mover of the bill from the government side and usually one spokesman from the opposition. So the chamber itself gives limited consideration to bills in the Senate. Of course, it is evident that the major consideration of bills is undertaken in committees and that that consideration is then available to the Senate as a whole, which justifies and supports the very limited treatment and consideration given to a bill on the floor of the Senate chamber itself. But that justification disappears if the consideration of and the evidence given to the committee are not available to all honourable senators. I am not sure how far I shall go on this point with respect to this bill. However, I ask the government not to proceed with third reading of this bill until it ascertains for us when we can have the printed evidence. Can the production of that evidence be accelerated so that it is available in time to give this bill early passage? Certainly it would satisfy my concerns.

Of course, there is another point which, in a sense, modifies my concern about this bill, and that is that the bill has been pre-studied. That evidence is available in printed form, though the evidence taken in committee subsequent to second reading is not available. I note that it is customary to use what used to be called the "blues" in the House of Commons. From time to time I have done this, but I find it very unsatisfactory because they are difficult to work from and they have all sorts of editorial changes. More importantly, they have no official status, none whatsoever. If one picked up the draft report of the proceedings of a committee and attempted to read them in the Senate, it would have absolutely no status, no more than one's notes taken during the course of a committee. That is another drawback. However, the most telling drawback is that the evidence should be available to every senator because he or she has to take the responsibility of voting for or against this bill. No senator has delegated that responsibility to a committee. Of course, it can be argued that not every senator may want to look at that evidence. That argument is irrelevant from my point of view. It is the right of the Senate and the right of each senator to have the printed evidence. Again, I ask that the bill not be proceeded with today pending some investigation as to when the printed evidence of the committee proceedings will be available. Perhaps there is some information that will help to facilitate further proceedings on the bill.

Having said that with respect to this bill, I want to advise the Deputy Leader of the Government that I shall be taking a very stiff view in this regard on a number of bills. One of them is Bill C-70, the Family Allowances Bill, which has not yet been sent to committee. Ultimately it will go to a committee and witnesses will be heard. I do not think that the Senate should be asked to pass this bill at third reading until every senator has had an opportunity to hear and to read the evidence presented in committee. It would be shameful if we passed a bill reducing the benefits to the families of Canada when an opportunity had not been given to each and every senator to consider the evidence. I take the same attitude with respect to the Representation Bill. Please do not ask me to facilitate the passage of that bill unless I have had an opportunity to read and examine all the evidence. I advise my colleagues of my intentions at this moment so that it will not come as a surprise or be viewed in a confrontational way at a later time.

• (1430)

I have thought about this matter for quite some time and decided I would raise it now for procedural reasons, and for reasons of logic. It is my opinion that I did not come to the Senate as a legislator to receive a lesser service than I received in the House of Commons, where I could obtain the evidence of a committee in a matter of days. Here in the Senate it is a matter of weeks, and I think we should be treated in the same manner as is the House of Commons. We too are legislators and I would say to honourable senators that if we do not respect our function, who else will?

I regret that it happens to involve this bill, Senator MacDonald, but it is a hugely significant bill and I think the point must be made. It is my hope that the government will not press for third reading until we have had some further clarification as to when we may receive the printed evidence.

Hon. Finlay MacDonald: Honourable senators, in the short time I have been in this chamber, I too have noticed the slowness with which reports of committees come to us and have always assumed that there must be some kind of logical explanation that makes the situation unchangeable. I sympathize with the Leader of the Opposition in this regard. He indicates that this bill, of course, has had extensive pre-study and, not being totally familiar with the procedure in this chamber, I am at a loss to know whether he is now making a case for the speeding up of the printing process as a general

point of order, or whether he has a hang-up on this particular bill, important as it is.

While my honourable friend has referred to the "blues" as not being an accurate record, I would have assumed he could have used at least some of that information to continue the debate on third reading with respect to the subject matter of this bill. If I am incorrect in that assumption, I would defer to our leader to elaborate on this matter, or to the chairman of the committee.

I cannot comment on Senator MacEachen's earlier remarks regarding witnesses not having an opportunity to be heard since I do not know what he is alluding to in that regard.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, in response to Senator MacEachen's voiced concerns, I can well appreciate his position. It has impressed me, not only today, but over the past seven years, that this was the custom in this place. It has been my experience, however, that whenever I have wanted to study the contents of a series of hearings by a committee, I have asked for the transcripts and they have always arrived very promptly, although I certainly would agree that they are not nearly as efficient or as worthwhile as the printed copies of the proceedings.

Honourable senators, I would like to have the opportunity of referring this matter to the Standing Committee on Internal Economy, Budgets and Administration since that is where the matter really must be looked at. It is not a government measure. In other words, the government has not dictated the length of time that it takes to produce *Debates of the Senate* or committee minutes or anything else for that matter. It is obviously the business of the Senate itself. If the Senate wishes to produce minutes in six weeks, eight weeks, three days or twenty-four hours, I presume that the Senate has the authority so to decree, and if that is the wish of the Senate you will find me an enthusiastic supporter of that action.

However, what I do find a little disquieting is that at this stage of the parliamentary process we should be called upon to perhaps delay Bill C-84 and also bills C-70 and C-74. These are all important measures in the government's legislative calendar and I would be disappointed if we took longer than was absolutely necessary to deal with them. I know that Senator MacEachen is saying that they will be dealt with as soon as the proper instruments are available to deal with them. I appreciate that, but I would ask honourable senators, if it is their intention to institute a new system of printing and presenting reports of proceedings of committees, to refrain from making these three bills the victims of the implementation of that new policy. The present situation has been going on certainly as long as I have been here, and presumably a long time prior to that, according to the quotation that we heard earlier, so in agreeing to stand Bill C-84 for today, I would ask honourable senators to think in terms of gradualism, rather than an abrupt cut-off of the business of the Senate, in trying to correct what Senator MacEachen points out is an obvious deficiency in the process. I would hate to have the Senate placed in a position of having these three bills used as an example to demonstrate a shortcoming in the Senate's procedure over the past number of years.

[Senator MacDonald.]

I simply bring that to the attention of the Senate, and, as we try to investigate with the staff methods and means of speeding up the process of printing and presenting the proceedings, I would ask Senator MacEachen whether it is the intention of the opposition to hold up these bills until that situation corrects itself, or can we look forward, perhaps with the help of the transcripts, to examining the evidence in the study of Bill C-84. Certainly, the pre-study of that bill is not at issue here. In other words, honourable senators, perhaps we can use the transcripts for the purpose of studying these bills while we try to find a way of rectifying the situation in the long term.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, perhaps I could make a suggestion that might be helpful. The alternatives that present themselves are that either we insist on getting the official version before we proceed with these bills or we deal with the bills on the basis of the transcript "blues" or "daily copy," as I think it is sometimes called, and, in the meantime, have the Standing Committee on Internal Economy, Budgets and Administration look at the whole question. It seems to me that, this being Wednesday, the government might make an inquiry in the meantime about these periods that Senator MacEachen referred to. Senator MacEachen has told us that the information he received was that normally they are produced within a period of two to six weeks. It might very well be that that can be accelerated.

In other words, I would recommend, in order to help the government deal with these bills more quickly and still maintain the principle raised by Senator MacEachen, that the Deputy Leader of the Government look into the question and perhaps advise us tomorrow what the response is as to the possibilities. I know that there are problems in printing and in translation, but the deputy leader may be able to tell us a little more about the present state of affairs and what is possible with respect to these three bills.

Senator Doody: Honourable senators, I might say that I agree with Senator Frith's suggestion. I had every intention of making that inquiry. However, knowing what little I do about the workings of this place, it seems to me that if the norm today is two to six weeks, then to ask the staff to change that system to two to four days—in other words, to ask them to change the system that quickly and to that degree of efficiency may be asking a little too much. This is why I have asked for some generosity in dealing with bills C-84, C-74 and C-70.

Perhaps I am anticipating a problem that is not there. Perhaps when I speak to the staff this afternoon, they will tell me that there is no problem; that they can produce the printed copy in two days, as we are told they do in the House of Commons. If that is so, then obviously we do not have a problem. However, if that is not the case and they tell me it will take X number of days or weeks or months to bring in new equipment or hire extra staff, or to do thus and so, I am simply asking for some consideration for the on-going legislation while we are attempting to put this into effect.

Senator Frith: I am saying that we are interested in that consideration, but let us find out the facts in the meantime.

Senator MacEachen: I think in the course of my remarks I suggested that the Acting Leader of the Government might make inquiries as to whether it would be possible to have the printed proceedings, for example, later this week or early next week on this particular bill. That would certainly be of great assistance. Once a report has been made, then one can deal with it; it is only a matter of standing it for a day or so with respect to this bill.

• (1440)

What I said, in a sense, was said in an effort to be helpful, because it is absolutely clear that there is a list of priorities, and that the Senate is at the bottom of that priority list. If these priorities were rearranged, then it would be possible to produce the printed proceedings, particularly the printed proceedings relating to these bills, without undue delay.

I have tried to avoid putting the deputy leader in an impossible position by saying: "Well, today, we are going to insist." However, I am giving him notice that I am going to be very tough, particularly with respect to the Family Allowances Bill and the Representation Bill.

That puts the authorities—the Printing Bureau and others—on notice to rearrange their priorities so that when the evidence goes in it will be given prompt attention, and that they will not churn out everything else and then pick up the Senate's work and say: "Well, now it is the Senate's turn because we have nothing else to do." I think that if we put some pressure on and said: "Look, if you can do it for the House of Commons, you can do it for us, and if there is to be a choice to be made, then choose some of these important proceedings for the Senate and get them back to us," we would see results.

I have avoided saying, honourable senators, that I will do this as a matter of routine; I am just saying that my patience is a bit frayed at the lack of service, and I am, I must say, somewhat degraded at the knowledge that the period for printing of committee proceedings is two to four days for the House of Commons and weeks for the Senate.

May I say, honourable senators, that Mr. Lambert, the former Speaker of the House of Commons, complained on one occasion that the House of Commons had to wait six or seven days. He complained and no one found that unusual, so why should we not complain and make sure that we get the printed proceedings in a timely manner?

I am giving the authorities—whatever that term means, but there are "authorities"—notice that the priorities ought to be rearranged or there will be difficulties.

Hon. Joseph-Philippe Guay: Honourable senators, while I agree with my leader that it is vitally important to receive these printed proceedings, I should like to ask the Acting Leader of the Government to make sure that translation of the proceedings is done well also.

My speech of November 7 was translated from French to English. That translation was so poor that not only did it not do justice to my speech, but in fact it made a mess of it. If we are receiving secondary help from the Secretary of State for translation services in this house, then I think we should look into that situation and make sure that we get accurate translation and timely printing of the proceedings in both official languages so that we can refer with confidence to either version when we wish to do so.

Hon. Lowell Murray: Honourable senators, with respect to the allegation by prospective witnesses that they did not have time to prepare themselves for committee meetings, I can only repeat what I said the other day; that is, when the bill was referred to the committee for pre-study, we called a number of organizations that we believed had an interest in making representations to the committee. We invited them to appear, but they declined to do so, pleading lack of time. We did not set any time limit on them, we did not give them any time frame within which they were to appear.

In any event, the committee reported on its pre-study. The Christmas recess intervened, the bill came to us officially from the House of Commons and was referred to the committee. Again we made a series of telephone calls to the same people inviting them to appear. Most of them declined to do so. Two of them did appear, however, the Canadian Bankers' Association and the Canadian Insolvency Association.

It is to their testimony before the committee, and particularly at one session of the committee, that the Leader of the Opposition is referring when he demands the printed proceedings of the committee.

I may say that what he calls the "blues", the unedited transcript of that one meeting, are available. I have that transcript on my desk and it is available to other honourable senators who may wish to peruse it while waiting for the printed version from the Printing Bureau.

It is true that there are priorities. I am informed that the standing order at the Printing Bureau is that the House of Commons is always to have priority. I cannot resist expressing the thought that that probably harks back to the days when Senator MacEachen was running the business of the House of Commons.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I would like to echo the remarks of Senator MacEachen. I consider the current practice to be rather disconcerting. To begin with, I am prepared to take my work seriously. I cannot possibly sit on all Senate committees, but before I have to decide whether to support or reject a bill in this house I would like to have an opportunity not only to listen to the speeches delivered here in the Senate but also to be able to refer to the transcript of evidence heard at the committee stage.

A few minutes ago Senator Doody suggested that this question or problem—he considers it as a problem, and he is right—be referred to the Committee on Internal Economy, Budgets and Administration for consideration.

In my opinion, this question does not require committee consideration. It is rather a question of attitude on the part of Senate employees.

I have a serious grievance, honourable senators. Last summer when the Special Committee on Youth held hearings we had to wait during part of June and all July and August before we were even able to get the official report of the committee which had travelled from one end of Canada to the other to gather evidence from young Canadians and other people concerned about that problem. I repeat, it is a problem of attitude on the part of Senate employees.

Some of them are excellent, others not so good. To think that the printing of evidence gathered by a committee could take three whole months, is unacceptable.

It is as if the staff consider that when both houses have adjourned, the senators are off on holidays, nobody works.

This particular problem is serious, so much so that when we began to draft the report of the Special Committee on Youth we members of the committee did not yet have the transcripts of proceedings. This situation is totally unacceptable.

Some committee clerks do their job and make sure that we get the official debates printed in both official languages within a reasonable time.

Today I received in my office the official report on the proceedings of the Committee on Legal and Constitutional Affairs, Issue No. 36, a sitting held on Wednesday, January 22 last. Today is February 5, so it did not take all that long to get it. Why should that process take weeks and weeks more in other committees? Is it a question of staff? Is it a question of broken down word processing equipment or the total lack of it? I have no idea.

Senate employees should pass the word around: some senators do take their work seriously. There should be no need to raise such a question on the floor of the Senate. We have the proof that some committee clerks take their job seriously and see to it that official reports are printed on time, whereas others manage to make the process last indefinitely.

I fully agree with Senator MacEachen. The excuse that the "blues" are available does not satisfy me. The "blues" appear in the original language of delivery, English or French. The blues do not include the translation.

Pursuant to the Official Languages Act I claim the absolute right to have the official reports of the Senate committees in the language of my choice. Only the official reports of the committees meet that right.

• (1450)

[*English*]

The Hon. the Acting Speaker: Honourable senators, you have heard the information that was requested by the Honourable Leader of the Opposition. Is it your wish now that this bill, Bill C-84, be not read a third time until the printed committee proceedings are provided?

Senator Doody: With respect, Your Honour, I believe it was agreed that the order should stand until tomorrow, at which time I would provide a report informing the Senate of the printing situation. At that time, I believe we will decide whether this bill shall be read a third time then or some time later.

It is my understanding that the order is to stand until tomorrow.

Senator Guay: With appropriate translations!

Order stands.

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Tremblay, seconded by the Honourable Senator Murray, for the second reading of the Bill C-70, intituled: "An Act to amend the Family Allowances Act, 1973".—(*Honourable Senator Turner*).

Hon. Charles Turner: Honourable senators, I rise today to speak on second reading of Bill C-70, to amend the Family Allowances Act. Let me say at the outset that it is difficult for a young guy like myself, a member of the gang from the other side of the railroad tracks, to follow a distinguished senator such as Senator David Croll, one of the fathers of the Canadian safety net. I wish to take this opportunity to thank the senator for his remarks which were welcomed by the little guy, the workers of our Canadian society. I also want to congratulate Senators Robertson and Tremblay for their informative remarks in their explanations of Bill C-70. Yesterday Senator Le Moyne certainly spoke on behalf of the residents, French and English, of his great, beloved la belle province de Québec. In addition, Senator Graham did a superb job, as always, speaking for the underprivileged kids of the maritime provinces; yes, and of all of Canada.

Senator Bonnell went back over 45 years and made a thought-provoking speech, with old-fashioned soap-box oratory, which sinks in deep and helps the people of the day reflect and come to the conclusion that a wise decision was taken by the opposition senators to walk up the road of life alongside the workers of this great country, Canada. These are the real people, the real workers, the people who make the wheels of industry turn. These are the people who put in far more than they take out and, when they do take something out in the form of old age pensions, veterans' pensions, family allowance benefits and, yes, if they are unemployed, unemployment insurance and welfare, those cheques are cashed each month because the majority of recipients live from cheque to cheque and from week to week. The money goes back into the economy, thus making the wheels of industry turn.

Churchill once said that democracy is not the best form of government, but there is none better to replace it. Yes, honourable senators, I believe that his remarks were true. Government of the people, by the people and for the people. This sentence has a nice ring to it.

When one looks at the list of organizations which have made submissions regarding this bill, one will come to the conclusion that a great many people are interested in family allowances. They are opposed to Bill C-70. Surely, these leaders are speaking out loud and clear on behalf of millions of Canadians, the workers who are singing the same tune in unison, which is, "Leave my family allowances alone."

Honourable senators, this government, whether in the Senate or the House of Commons, is not listening. This is not a form of government of the people, by the people and for the people. Is this the sacred trust that the government of today talked about during the past election campaign? I think not.

Honourable senators, I look back through the pages of Canadian history as one who went through the dirty thirties when there were no social benefits and no safety net. The only benefit was called "welfare." The unemployed worker laboured for his welfare by shovelling snow in the winter and cutting weeds in the summer.

At the close of World War II, the government of the day took steps to set up a social safety net for all Canadians, and the family allowance was introduced to our Canadian way of life in 1944.

Canada's social security system consists of a multitude of programs established at various times, serving distinctive objectives and relying on both direct cash transfers and indirect transfers achieved by the operation of the tax system. Individual programs could thus be examined at two levels: First, they can be assessed with respect to their achievement of specific program-related objectives, and these objectives can be evaluated in the light of current social conditions; and, second, the role of programs within Canada's social safety net can be assessed and the possibility that a rationalization of programs could enhance the effectiveness of the system itself can be examined.

My following remarks focus specifically on the development and current status of family allowances and on the recent controversy concerning the program. Emphasis will thus be placed on the first two kinds of discussions just outlined. It will be seen, however, that the evolution of family allowances has, in some instances, been closely tied to developments in the adjacent segments of the social security net and that decisions about the future of the family allowance are dependent on global judgments about the operation and effectiveness of Canada's social security system.

Therefore, I wish to talk about the original Family Allowance Act after 1944 which provided for monthly payments funded out of general government revenues to all families having children up to the age of 16 and either attending school, if eligible, or, unable to do so on medical grounds. Payments varied according to the age of the child ranging from $5 per month for children under five to $6 for children aged between six and nine, to $7 for children between ten and twelve and to $8 for children between thirteen and fifteen. In addition, payments were made on a sliding scale which reduced the size of the payment for the fifth child and additional children in the family. This was intended to allay the concern that the program would encourage larger families.

The family allowance program was Canada's first universal social security program applying to all members of a defined democratic class, irrespective of need. It thus departed from precedents established by earlier federal programs, such as the old age pension program of 1927, which involved the means test—and nobody liked the means test—and the downward adjustment of benefits in relation to income from other sources. The family allowance program also represented a dramatic increase in the social security expenditures of the federal government. Its anticipated initial cost of $200 million a year exceeded all welfare expenditures by all levels of government in Canada during any typical year in the second half of the preceding decade. Although its precedent-breaking characteristic might suggest otherwise, the family allowance program was not a response to intense public demand. A poll of late 1943 found public opinion close to evenly split on the desirability of such a program, and the issue attracted little public attention until the government announced its intention to proceed with the act and the program. The family allowance was thus not a product of public demand but of other factors.

● (1500)

One central factor was the concern for the well-being of Canada's children, the future Canadians, which drew force from income and nutrition studies done during the 1930s and early 1940s. These studies established that even during conditions of wartime full employment only 43.7 per cent of the wage earning families outside the agriculture sector had sufficient income to ensure a nutritionally satisfactory diet, and that Canada had the highest infant mortality rate of any Caucasian country in the British Empire. These and other concerns were set out and addressed in the Marsh report of 1943, a study which addressed the anticipated social problems of post-war reconstruction with proposals for the creation of an extensive net of social security, health care and income supplement programs aimed at satisfying the basic needs of all citizens and avoiding the stigma traditionally attached to welfare awarded on selective criteria.

A second and equally prominent factor was the widespread concern during the war years that the return to peace would be followed by an economic slump and a reappearance of the problems of the 1930s. The newly fashionable Keynesian economics prescribed public sector spending as a way of maintaining purchasing power and, hence, consumer spending in the economy. This general reason for initiating major public spending was supported, in all probability, by some specific reasons.

It had been suggested that Mackenzie King saw family allowances as a means of responding to criticism that wartime wage control left unskilled labourers with less than a living wage while avoiding the general rise in prices which it was feared would result from the lifting of the wartime controls. It has been claimed that Mackenzie King hoped that the Conservatives would oppose the program and thus provide him with an issue on which to fight the forthcoming election. The

strength of the considerations just outlined and, perhaps, the political difficulties inherent in opposing programs involving universal benefits caused King's political expectations to be belied in the House. The Family Allowance Act, after encountering mild Conservative opposition at first reading, received the unanimous support of the House at second reading.

For almost three decades following its establishment, the family allowance remained virtually unchanged. In 1949, the provision lowering benefits to large families was removed and, in 1957, the benefit for children in two of the four age categories set out in the act was increased by $1 per month. In 1964, the Youth Allowances Act was passed, which, in effect, extended the family allowance to those youths aged 16 to 18.

While inflation steadily eroded the significance of benefits for individual families, increases in the number of families entitled to receive benefits resulted in a steady expansion in the size of the program. In 1951, the average family allowance per child was equivalent to approximately 2 per cent of the average monthly family income while, by 1961, it was equivalent to only 1.5 per cent and, by 1971, to 0.75 per cent. At the same time, the number of families entitled to the family allowance rose from 1,910,192 in 1951 to 2,602,930 by 1961 and 3,024,423 by 1971. Government spending on family allowance underwent corresponding increases, from about $320 million in 1951-52 to just over $554 million in 1971-72.

The recent evolution, comprised of a number of factors, combined to make family allowances and social policy in general issues of high priority with the federal government in the early 1970s. In 1968, the Economic Council of Canada published findings which revealed disturbing evidence of the persistence of poverty in Canada and which received extensive media coverage. It was found that 27 per cent of the population lived in poverty and that 68 per cent of poor families were headed by workers, which focused attention upon the newly recognized problem of the working poor, as we now call it. These findings were supported and amplified by the reports of the Special Senate Committee on Poverty and the Castonguay commission in Quebec. The latter report added force to initiatives already under way in Quebec to assert provincial control over social security and to establish a comprehensive and integrated system to replace the patchwork quilt of federal programs.

These initiatives were a major factor, after 1969, in federal-provincial constitutional negotiations and ended in an impasse between Quebec and the federal government at the Victoria Conference of 1971. In 1970, in response to both the federal-provincial considerations and evidence raising doubt about the effectiveness of existing social security programs, the federal government proposed a federal income security plan which would do away with the universal family allowances and would replace them with a sliding scale of payments designed to support the income of low income families. Legislation was introduced in 1972, but the proposal attracted heavy criticism from the media, the public, particularly women who would have lost their cheques, and the opposition, and the legislation was allowed to die on the Order Paper after second reading.

[Senator Turner.]

As honourable senators may recall, during the election campaign of 1972, politicians going from door to door would hear people saying to them, "Get out of my back yard. You are the guy representing the government that wants to get rid of the family allowances. Well, I will vote another way this time." It was a big issue in that election campaign of 1972.

In 1973, a much more ambitious global review of security programs was undertaken, with the declared objective of comprehending the whole sweep of social security policy and achieving the kind of integrated social security system which would best serve the needs of the Canadian people. Many of the more sweeping proposals of the review, such as a guaranteed income for those unable to work and a multipronged employment strategy, either did not result in the legislation or were casualties of the fiscal restraints of the late 1970s. Proposed changes in the family allowance program were, however, implemented.

The result was a new Family Allowance Act of 1973, which governs the family allowance program as it operates today. Under the 1973 act, a parent or guardian who is wholly or substantially maintaining a dependent child under the age of 18 becomes entitled to an allowance average of $20 per child, nearly three times the average of $7.71 per child which was paid under the old act in its final years of operation. Furthermore, the new act provided for the annual adjustment of allowances in January of each year according to changes in the cost of living. The act enables each province to vary allowances by age of child or family size, as long as average total payments in that province remains equal to the federal rate over a four-year period and subject to the provision that the lowest provincial payment must be at least 60 per cent of the standard federal rate. In addition, the act provided for the payment of special allowances for children maintained by welfare agencies, government departments or institutions. Allowances also became taxable at that time.

• (1510)

Down through the years, with certain exceptions, we have seen the regular operation of provisions of the 1973 act. In 1976, as a result of fiscal restraint, the cost of living adjustment of the allowances was suspended for one year. In 1978, in concert with the introduction of the refundable Child Tax Credit, benefit levels were cut from an average of $26 per child to an average of $20 per child, which then became the figure subject to indexation in the following years. Indexation of the allowances in 1983 and 1984 was limited to 6 per cent and 5 per cent respectively in accordance with the federal policy of fiscal restraint announced in late 1982.

Expenditures involved in the operation of the family allowance program rose dramatically as a result of the benefit increases provided for in the 1973 act. The combined cost of family allowances and youth allowances in 1972-73 was approximately $630 million, while the program established by the new act, which combined those two allowances, cost $1,798,476,000 during its first year of operation in 1974-75.

With the exception of 1979-80, when the benefit reductions of 1978 caused total expenditures to decline, the trend in

family allowance expenditures has been steadily upward since the implementation of the 1973 act.

The expenditures in recent years are as follows: In 1980-81, $1,851,000,000; in 1981-82, $2,020,000,000; in 1982-83, $2,231,000,000; in 1983-84, $2,327,000,000; in 1984-85, $2,429,000,000. We must not forget that this money goes directly into the economy of the country and makes the wheels of industry turn.

It is noteworthy that cost increases since 1974 have resulted from the indexation provision of the new act rather than from increases in the number of eligible children. While approximately 3,343,000 families, containing 7,248,000 children received allowances in 1974, 3,645,000 families, containing only 6,826,000 children, received allowances in 1981. By 1984, the number of both eligible families and children had declined further to 3.5 million and 6.6 million respectively.

While raising costs, despite the declining number of children, the indexation of allowances has successfully countered their erosion by inflation. As a result of the 1973 act, average allowances per child rose from an equivalent of less than .6 per cent of average family income to an equivalent of over 1.5 per cent of average family income. They fell to about 1.4 per cent of average family income by 1978, likely reflecting the growth of incomes rather than any ineffectiveness of indexation. The indexation in 1978 caused allowances to fall to about one per cent of average family income.

For 1985 the average benefit per child is $31.27 per month or approximately $375 per year. This benefit is received in eight provinces, while two provinces—namely, Quebec and Alberta—have taken advantage of provisions of the act enabling variations in the distribution of benefits within provinces. In Quebec higher benefits are delivered as the number of children in a family increases up to three, while in Alberta benefits rise as the ages of eligible children rise.

I should now like to talk about the issues and the controversies. Like some of the original objectives of the family allowance, controversies over its inception have today a distinctly archaic flavour. For example, it was initially feared by organized labour that the allowance would weaken union bargaining power and serve as a substitute for higher wages, while others argued that allowances would encourage larger families and, in particular, transfer money from Ontario to Quebec, where larger families were more common.

The universalism of family allowances also attracted criticism. Charlotte Whitton, at the instigation of the Conservative Party, prepared a summary of social security proposals, including those of the influential Marsh report, which argued that cash allowance to all families, rich and poor, were wasteful and that the emphasis should be on the extension to those in need of services in the fields of health, education, housing and the protection of children, as well as on the maintenance of adequate wage levels.

While the subject of heated discussion at the time, that point of view, it has been seen, was not productive of significant opposition to family allowances in the House. Following its inception, the family allowance program rapidly ceased to be a significant focus of social policy controversy. This was likely due in part to the shift of popular attention to other programs launched in future years, and also to the effect of other program spending in combination with the non-indexation allowance benefits and causing family allowance costs to diminish steadily in importance as a component of national social security spending.

The major controversy about the program first arose in the early 1970s. A number of studies conducted in the late 1960s and early 1970s had uncovered disturbing evidence of the persistence of poverty in Canada, particularly within a newly identified group—the working poor. It was found, for example, that the portion of the family income received by the poorest 20 per cent of families had actually declined during the 1960s from 6.6 per cent in 1961 to 5.6 per cent in 1971 and that certain groups, such as single parent families headed by women, had failed to benefit from generally rising incomes during that decade. At the same time, social security expenditures had increased at an unprecedented rate, from under $4 billion by all levels of government in 1963, to over $11 billion by 1972.

An early response of the federal government to findings such as the foregoing, as they had begun to emerge in the late 1960s, was a white paper entitled "Income Security For Canadians", released in November 1970. The paper recommended changes to the whole income security system and particularly to a universal program such as family allowances and old age pensions, in order to redirect the emphasis of the system, so as to ensure the greatest concentration of available resources to those with lowest incomes.

It was recommended that existing family allowances and youth allowances be scrapped and replaced with a selective system called the Family Income Security Plan, which would provide maximum income supplements to the 20 per cent of Canadian families in poverty, as well as smaller income supplements on a sliding scale which would reduce them to zero when family income exceeded $10,000.

During the election campaign of 1972, this issue came up at every door where the wife and husband had a small campaign. The message was loud and clear: "You are the dirty so-and-so who is going to take away my family allowance. No way, sir. You tell your government and the cabinet that this is my cheque and no one else's, and I want it." The ensuing debate in many ways anticipated the character of more recent controversy about family allowances. While opinion polls demonstrated that the proposal had reasonably broad public support, it aroused intense opposition from recipients of allowances and from defenders of universal programs. It was argued that the family allowance frequently provided women raising families with their only source of income not dependent on their spouse. It was also argued in terms reminiscent of the Marsh report that only universal programs could enable recipients to avoid the long-standing social stigma attached to dependence on public charity. This argument was supplemented with objections to the administrative complexity and associated argu-

ments that a selected program would be cumbersome and costly. Reluctant all-party agreement on a modified proposal involving increased benefits to low-income families was obtained in 1971, but the resultant bill died on the Order Paper later that year. After the 1972 election, during which Liberal candidates directly experienced the opposition of family allowance recipients and which resulted in a Liberal minority government dependent on the support of the NDP, the plan was not revived. The Honourable Marc Lalonde, the then Minister of National Health and Welfare, made clear the primary reason for the change:

> . . . It's a reaction to the . . . voice of the electorate . . . It's clear that Canadian housewives attach a lot of importance to that Family Allowance cheque, and there was a lot of resistence to the idea that . . . about half of them would be losing that allowance . . .

● (1520)

This message can be heard today. It can be determined from what I have said so far that reform, when it came in 1973, preserved the universality of family allowances and provided substantially increased benefits which were also, at that time, indexed to the cost of living. The major controversies which emerged in subsequent years of Liberal government resulted from suspension or restriction of the indexation provision of the 1973 act. The implementation of the federal government's six-and-five restraint program which restricted increases in family allowances to 6 per cent in 1983 and 5 per cent in 1984 produced considerable discussion in the House and in the Senate on its effects on allowance recipients. During debate in the House on Bill C-132, which amended the indexation provision of the Family Allowances Act in accordance with the six-and-five formula, supporters of the government stressed that the amendment left the principles of universality and indexation intact and that an increase in the Child Tax Credit, also proposed by the government, would compensate middle and low income families for reductions in allowance benefits.

Members of the opposition registered diverse objections to the bill—in combination with the tax credit—ranging from the argument that since its net effect on the national disposable income would be negligible, its net effect on inflation would also be negligible, to arguments that the tax credit would only help those sufficiently well off to pay income tax and that the bill unjustly identified the mothers and children of Canada as the culprits in inflation. It was argued, as well, that the bill attacked the social security net as we knew it and represented, therefore, an erosion of the principle of universality, that it affected women, both in needy families and those who might be kept in a state of personal poverty within affluent families, by reducing the one cheque that comes in their name, and that any reduction in benefits in conditions of high unemployment and inflation was unacceptable.

The principle of universality was widely invoked during the debate on Bill C-132. During the course of the debate both major parties stood accused of seeking the abandonment of universality and both indignantly denied the charge. While the persistent reference to universality was, no doubt, partly a consequence of convictions held by some members that any reduction in universal programs was tantamount to an erosion of the principle itself, it also resulted from the fact that doubts about the principle had come to be widely, if sometimes surreptitiously entertained. The Liberal Minister of Finance had been quoted in the press in November 1982 as rejecting the view that the universal social programs were a cornerstone of Liberal social philosophy and as affirming that Canadians were ready to forgo the universality of family allowances. Participants in the debate were also reminded of the number of influential Conservatives who had publicly declared their scepticism about the value of a universal family allowance, and that the news media, during the period of the Conservative Government in 1979, had carried reports of the demise of the universal family allowance.

Partisan exchanges within the House during the 1982 debate did not, however, elucidate the basis for private doubts which may have been emerging concerning universality, nor did they subject the principle to serious analysis. Discussions of the principle itself reiterated, instead, long-standing defences. It was argued, for example, that a universal program preserves the dignity of the recipient of the social benefits, that people are not divided into givers and receivers, and that therefore the stigma and the sense of alienation from society which results from this distinction is avoided.

The accession to power of the new Conservative government in 1984 was accompanied from the outset by renewed expressions in the House of concern about the fate of universal social programs, including the family allowance and by renewed debate elsewhere about the merits of universality. Outside the House, advocates of the urgent importance of the national deficit reduction targeted universal social programs as the major area of potential expenditure reduction. A study published by the C.D. Howe Institute in August, 1984 argued that the effectiveness of the social safety net could be enhanced while costs could be reduced if net benefits were more closely related to the income levels of recipients. It was argued that the most effective deficit reduction strategy would not involve a direct attack on universal social programs but rather a more effective use of the tax system by recovering benefits from those not in need of them, as well as overall tax increases.

Other voices unequivocally opposed the continuation of existing universal programs. In October 1984, the Canadian Manufacturers' Association proposed termination of the existing universal security programs, the institution of a guaranteed minimum annual income and an overhaul of the tax system. In September of the same year, the director of the Fraser Institute recommended the cancellation of universal family allowances and other universal programs. The National Citizens' Coalition has also been reported as favouring the cancellation of universal programs on the grounds that only this approach can allow the provision of adequate assistance to those in genuine need.

At the same time, voices were raised in defence of universal programs. The president of the National Action Committee on the Status of Women argued that the family allowance, while

small and eroded by inflation, remained the only economic recognition given by society to women engaged in full-time child raising and, thus, provided the only money they ever received into their own hands. The Executive Director of the Canadian Council on Social Development argued in favour of the maintenance of the universal benefit structure because of its effectiveness in avoiding social stigma and the administrative complexity associated with selective programs. It also called for the taxing back of benefits from the affluent and the closing of tax loopholes favouring high income earners. We hear the same message today.

• (1530)

The National Anti-Poverty Organization and the National Council of Welfare have been reported as favouring essentially the same approach. More recently, the Canadian Association of Social Workers and La Confederation des Organismes Familiaux du Québec have added their voices to those championing the retention of universal family allowances, with the secretary-general of the latter declaring that any incursions by the government on the universality of allowances would be considered an anti-familial gesture by members of the association.

During 1984, a number of opinion polls were conducted to determine public reaction to the possibility of cuts in universal programs, or to their elimination. A poll conducted in May of 1984 revealed that a substantial majority of those interviewed favoured both the reduction of social benefits to high-income earners and the institution of a guaranteed minimum wage for all Canadians. A poll conducted by Goldfarb Consultants of Toronto in September 1984 portrayed Canadians as being 86 per cent in favour of cutting social benefits to the affluent. In other words, those with family incomes of $40,000 per year or more. More recently, a Gallup poll conducted in December 1984 found that 75 per cent of Canadians would support increasing the family allowance but restricting its benefit to those in genuine need.

Renewed public attention to the general issue of universality and social benefits, and specifically to the value of family allowances, in the fall of 1984 was due, in part, to what were widely perceived as ambiguous, if not clearly ominous, signals from the government. The government's clear commitment to deficit reduction, combined with the announcement in the Speech from the Throne that child and elderly benefit programs would be studied, resulted in early questions about the maintenance of universal programs. Responding to a specific question about the family allowance on November 9, 1984, the Prime Minister rejected suggestions that a program involving means tests was in the works, but went on to express doubts about the fairness of social programs providing benefits to people making $500,000 a year, and affirmed, as a principle, that those most in need should get more from the government. The issue of universality was addressed at greater length six days later by the Minister of National Health and Welfare. After rejecting conceptions of universality entailing benefits to all from all programs, or equal after-tax benefits to all recipients of a given benefit, the minister offered the following as a "workable" and "fair" definition of universality.

> ... that all individuals in the group designated for assistance should receive benefits. At the same time, however, the value of those benefits should surely be greatest for those with the greatest need and least for those whose needs are the least.

The issue of family allowance received intermittent attention in the House during ensuing weeks. The next major discussion, however, occurred following the release of the government's consultation paper on child and elderly benefits on January 28, 1985. The paper affirmed the principle of universality but raised the possibility of a surtax on family allowances going to high-income families. It also proposed two options with respect to the revision of benefits. Under one option the family allowance was to be cut by approximately one-third, but changes to the Child Tax Exemption and tax credit would have raised net benefits for families with incomes under $10,000 per year by an average of $175 while causing net benefits to decline above income levels of $28,000. Under the second option, in which the family allowance was retained intact, families earning less than $10,000 would have gained an average of $358 in benefits, while benefits would have fallen for those earning more than $23,000.

Discussion of the paper involved objections to the modesty of benefit increases, objections to the effect of proposals on modest-income families, affirmation of the government's commitment to universality, assertions that the proposals would hurt the middle class more than the rich, contrary assertions of their redistributive effect, and assertions of the inadequacy of the proposals in light of the needs of single-parent families. The recurring themes of opposition to the proposals were: They offered inadequate increases to genuinely needy families, and they reduced benefits to lower middle-income families who could ill-afford such reductions.

The consultation paper was referred to the Standing Committee on Health, Welfare and Social Affairs which heard witnesses in March and issued a report in April of last year. The report affirmed a series of basic principles including: The universality of family allowance in recognition of the social importance of child-raising; the progressivity of after-tax benefits; reduced benefits as income levels rise; the need for increased benefits to genuinely needy families; the adjustment of benefits to reflect changes in the cost of living—commitment to full indexation was ascribed only to the NDP—the sharing of costs among all segments of society rather than families alone, and the undesirability of a surtax on family allowances.

The next major development within the House was the presentation of the budget of May 23, 1985. With respect to family benefits generally, the budget announced an increse of $140 in the Child Tax Credit combined with a lowering of the income threshold at which the tax credit begins to diminish, and a reduction, beginning in 1984, of the standard child tax deduction. While these changes increased the level of benefits to low-income families, it was proposed that indexation of the

family allowance itself, and of old age pensions, be applied only for cost-of-living increases over 3 per cent per annum, which will cause the real dollar value of the allowances to decline by that amount beginning in 1986.

Proposed restrictions on the indexation of old age pensions and family allowances became a major public issue during the weeks following the presentation of the budget. Negative public reaction to the partial de-indexing of pensions, combined with sustained outcry in the House, eventually resulted in the abandonment of this initiative by the government. In the case of family allowances, objections were registered both during debate on the budget and in a steady succession of questions which continued until the House rose at the end of June. It was argued that the government proposals represented an implicit attack on the principle of universality; that, in combination with tax increases, they placed the burden of deficit reduction on the backs of the poor, and that they were inconsistent with earlier government proposals and with the Prime Minister's personal views, as expressed in the book *Where I Stand*, and that they subsidized the rich at the expense of the poor.

Pressure from within the House was supplemented more recently by pressure from outside. As the summer began, the National Action Committee on the Status of Women—an umbrella organization for more than 380 women's groups across Canada—announced plans to launch a national campaign of petitions against the government's family allowance proposals. Thus far, the government has responded to criticism of the partial de-indexation of allowances by stressing that universality of the program is maintained and that, in concert with other family benefit-related budget proposals, the budget will achieve net increases in benefits received by those families in genuine need, and the urgent need for reduction of the deficit.

Honourable senators, Canadians are in agreement with the analytical conclusions at the outset of my speech that the family allowance can usefully be considered both as an individual program and as a component of Canada's extensive social security net. While the following will raise issues relating to each of these levels of analysis, it will be argued that the second level has now become unavoidable if persuasive conclusions are to be drawn even about single programs. Canada's social security net has evolved over a span of more than 50 years, and incorporates programs possessing clearly disparate objectives and strategic assumptions. The assessment of programs now requires renewed attention to fundamental systemic purposes.

● (1540)

Considered individually, the family allowance program presents a paradox. Its original objectives have come to be of largely historical interest, while its contemporary objectives are by no means clear, yet it is passionately defended by a clientele of recipients, women's advocates and others.

One of the central objectives of the original programs—the prevention of economic depression—is of doubtful relevance to the conditions of inflationary recession which have prevailed in Canada until recently, nor has the remedy of massive government spending increases been widely advocated as a cure for recent recessionary tendencies. The other original objective—the provision of minimum physical necessities—addresses an element of the persisting problem of poverty. Acute physical privation, however, no longer threatens Canadian families as widely as it was seen to do in the late 1940s, as is reflected in the emphasis on minimally acceptable general standards of living in modern definitions of poverty itself.

Justifications of the family allowance now imply, as has been seen above, a diversity of possible objectives and in some cases have a distinctly improvised quality. It is widely—and plausibly—argued that benefits provided by the allowance remain of critical importance to Canada's poor, and are inadequate in relation to the needs of poor families. The recent report of the House of Commons Standing Committee on Health, Welfare and Social Affairs, for example, suggests this view by juxtaposing information on current benefit levels—$375 per year per child—with estimates of the costs involved in child-raising, currently between $2,438 and $4,266 per year, depending on the age of the child. This argument, however, substitutes a more ambitious objective for that under which the family allowance program originated, which was only to support the provision of the basic necessities of life. The new objective remains unclear in assertions routinely made about the allowance that benefits are paltry and need to be enlarged.

It is also argued that the family allowance is the only monetary recognition of the value of child-rearing provided by society, and may provide needed personal funds for the wives of affluent, but ungenerous, husbands. These arguments imply a second objective for the allowance, namely, to benefit mothers rather than children. Furthermore, as belatedly improvised defences for a long-standing program, they have yet to be systematically articulated and justified. Should society provide monetary recognition for child-rearing while allowing other socially beneficial private activities, such as exercise and fitness, to go unrewarded? Also, is society obliged to compensate for the stinginess of affluent husbands, in cases where they provide wives with insufficient personal funds? This consideration, it should be noted, is mitigated by the recovery of benefits from affluent families by means of taxation, which permits the allowance to serve as an intramarital transfer rather than a transfer of public funds to the wives of the affluent.

The two general objectives just discussed are clearly distinct. If the program is to serve both, then its adequacy under existing benefit levels in serving either can only be the more questionable. The central point which emerges here, however, is that the program cannot be adequately justified, or persuasively criticized, except in reference to clearly-defined objectives. In the absence of these, the family allowance will remain, as it has sometimes been portrayed to be in the national media, as a "motherhood" issue, dominated by emotional and symbolic considerations.

A second basic issue relating to the family allowance is that decision-making about the program is inextricably bound up

with broader decision-making concerning the social security net as a whole. The much-debated universality issue serves to illustrate this point.

The basic case for universality in social security programs rests on the idea that a social stigma is attached to the reception of public assistance, and that the sense of self-worth of recipients can most effectively be safeguarded by programs in which no distinction is made between the needy and others. This claim rests on the assumption that contemporary public attitudes towards the recipients of social benefits are akin to those of a hundred years ago towards charity cases and may, itself, simply be wrong. If it is correct, or if emphasis is placed on the subjective experience of recipients, this argument would seem to have far-reaching implications for social programs. If it applies to family benefits, then for the same reasons it applies to all social security programs. Its logical conclusion would be the rationalization of allowances, and other programs, within a guaranteed national income scheme providing, without stigma, a minimally-acceptable standard of living to all Canadians.

There are also a number of supplementary arguments supporting universality. It has been argued, first of all, that the tax system provides an administratively simple mechanism for the recovery of benefits conferred by universal programs upon the affluent. The recovery in taxes, in 1984-85, of approximately 20 per cent of the $2.437 billion spent on family allowances, is indicative of the current use of the tax system in this manner. The fact that the benefits of nominally universal programs are currently recovered, at least in part, from the affluent, and could readily be fully recovered, has led to the conclusion that universality has come to be a largely symbolic, if not spurious, issue. The real issue, it is claimed, is now the level of after-tax benefits and their distribution. A second argument in favour of universality is that the administrative complexity, and associated costs, of selective programs frequently absorb a significant portion of the money they save in comparison with universal programs.

A study sponsored by the Ontario Economic Council in the late seventies estimated that, in 1976-77, the administrative costs of the federal family allowance program were $10,896,-701. or approximately .55 per cent of the value of benefits paid. During the 1960s and early 1970s the administrative costs of needs-tested assistance programs operated by the Province of Ontario were approximately 4.2 per cent of total costs. It can thus be argued that the conversion of the family allowance to a needs-tested program would involve the absorption of a significant portion of hypothetical savings by added administrative costs. This argument has particular weight in conjunction with the one outlined immediately above, concerning the efficacy of the tax system in achieving the practical effects of needs-testing. The central argument against universality derives from the added costs of universal programs, and the unfairness involved in providing social benefits to the affluent, while assistance to the genuinely needy remains, in some cases, inadequate.

It was estimated in 1982 that cutting off the family allowance for the highest earning 25 per cent of families would save some $560 million—although a portion of this would likely be absorbed by higher administrative costs. Aside from cost savings, the adoption of needs-tested family allowances would make this program more obviously consistent with other selective social assistance programs and would, thus, be more compatible with the maintenance of the social security system as it now operates.

• (1550)

This consideration may, in the final analysis, be paramount. Decision-making about the universality of allowances cannot be isolated from decision-making about principles appropriate to the social security system as a whole.

A final recurring issue in discussions of the family allowance is the adequacy of existing benefits. It has been suggested that unless specific objectives of the program can be agreed upon, the identification of appropriate benefit levels will remain impossible. More broadly, the question requires renewed attention to the underlying purposes of the social security system, as you and I know. If it is the purpose of the system to impact significantly upon the problem of poverty, then the widely-acknowledged fact that the proportion of the population falling below accepted poverty lines has actually increased in recent years raises serious questions about the system as a whole and, consequently, about all of its major component programs.

The clarification of the purposes of social security is a necessary first step in the formulation of credible program objectives for transfers such as the family allowance. Without this step, debate about the program, like the program itself, is likely to remain a testimony to the limitations of improvisation.

Honourable senators, during my lifetime, I have been involved in every federal, provincial and municipal election in Toronto, London and other cities and towns since I was 15 years of age. Therefore, I have knocked on thousands of doors and have had the pleasure of talking to the rich, the middle class and the working people who make less than $20,000 per year. This is how one finds out how people live in our Canadian society. You listen and hear how the average Canadian is trying to make his or her way in life by trying to live and pay all the bills on the weekly salary.

Honourable senators, I can say from past personal experience that it is very tough; it is a tough life. I made it to the House. It is almost impossible sometimes to see the light at the end of the tunnel.

Therefore, the more I think about Bill C-70, the more I have to look at the two basic arguments that the government has been using in the House of Commons and in the Senate that the total package of child benefits, FA, CTC and CTE, will compensate for the reduction in the family allowance.

The counter-arguments to that are that the timing of the increases and deductions, that is, the CTC and the CTE, are not being placed in the proper perspective. De-indexing of the family allowance will take place in January of 1986. The

increase of $70 of child tax credit will not take place until April 1987, 14 months after the fact. Therefore, families will be 14 months without the compensating adjustment. The lowering of the CTC, the turnover point, will take place in January of 1987. Therefore, all families, regardless of income, will have their family allowance reduced by $30. There will be a net gain only to families earning less than $10,000—all others will lose.

The second argument put forward is that the result of the changes will be a fairer distribution of benefits, that is, that a greater proportion of benefits will go to families with the lowest incomes.

The counter-argument to that is that, in urban centres, families of four with incomes less than $19,500 are living below the poverty line, but the net effect of changes to family benefits will mean a net loss for families with incomes of less than $20,000, which is what most families earn. Therefore, the loss will be experienced by poor families. This is not redistribution. In 1986, more than $16 million will be withheld from families living below the poverty line. To me, as a working guy, this is a disgrace.

Honourable senators, in my opinion, the answer is, yes, we are our brother's and our sister's keeper. Therefore, as one who has watched the families of my former riding grow up, and knowing what financial problems they have endured during their children's growing-up period, I can only suggest that Bill C-70 be referred back to committee for additional hearings so that the representatives of the people's groups—and there are hundreds of them—who are going to be affected by the passage of this bill, may be given their day in the Canadian citizens' court once again.

To me, honourable senators, as Churchill once said, "This is Democracy in Action."

Hon. Senators: Hear, hear.

On motion of Senator Marsden, debate adjourned.

[*Translation*]

DISTINGUISHED VISITOR

SENATOR ÉTIENNE DAILLY—VICE-PRESIDENT OF FRENCH SENATE

The Hon. the Acting Speaker: Honourable senators, may I draw your attention to the presence in the Senate gallery of Senator Étienne Dailly, Vice-President of the Senate of the French Republic.

Some Hon. Senators: Hear, hear.

[*English*]

DIVORCE ACT (BILL TO AMEND)
DIVORCE BILL, 1985
FAMILY ORDERS AND AGREEMENTS ENFORCEMENT ASSISTANCE BILL

SECOND READING

On the Orders:

[Senator Turner.]

Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Marshall, for the second reading of the Bill C-46, intituled: "An Act to amend the Divorce Act".—(*Honourable Senator Stanbury*).

Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Marshall, for the second reading of the Bill C-47, intituled: "An Act respecting divorce and corollary relief".—(*Honourable Senator Stanbury*).

Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Marshall, for the second reading of the Bill C-48, intituled: "An Act to provide for the release of information that may assist in locating defaulting spouses and other persons and to permit for the enforcement of support orders and support provisions, the garnishment and attachment of certain moneys payable by Her Majesty in right of Canada".—(*Honourable Senator Stanbury*).

Hon. Richard J. Stanbury: Honourable senators, I need not take very long. The other day you all heard Senator Nurgitz explain these bills and his review of their pre-study by the committee. He did an excellent job and, I think, a very fair one. I believe members of the committee are delighted with the exposition he gave of these bills which we all regard as very important and to which we gave a pretty exhaustive study.

I would be inclined to suggest that we proceed without the bills themselves being referred to committee, but I have had representations from several members of the committee indicating that there are some aspects of the bills that they would like to review briefly. Therefore, if I may, I propose that the bills be referred to committee for study and report.

Hon. Nathan Nurgitz: Honourable senators—

The Hon. the Acting Speaker: I have to inform the Senate that if the Honourable Senator Nurgitz speaks now, his speech will have the effect of closing the debate on the motion for the second reading of bills C-46, C-47 and C-48.

Senator Nurgitz: Honourable senators, I have no objection to the suggestion made by my colleague, Senator Stanbury. The subject matter of these bills has been exhaustively studied, but I appreciate the tradition of this chamber that, upon second reading, bills are referred to committee.

Having regard to the point of order raised earlier by the Leader of the Opposition, I would point out that more than a month ago the report of the Standing Senate Committee on Legal and Constitutional Affairs in this regard was printed in both official languages, distributed and is now available. I am looking at issue No. 29, which was the conclusion of our hearings on that matter.

● (1600)

In any event, there is sufficient time and I would concur in the referral of these bills to committee.

Motion agreed to and bills read second time.

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: Honourable senators, when shall these bills be read the third time?

On motion of Senator Nurgitz, bills referred to the Standing Senate Committee on Legal and Constitutional Affairs.

TORONTO HARBOUR COMMISSIONERS' BILL, 1985

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator MacDonald (*Halifax*), seconded by the Honourable Senator Murray, for the second reading of the Bill C-76, intituled: "An Act respecting the operation of the Toronto Island Airport by the Toronto Harbour Commissioners".—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, yesterday I said that I would make an intervention on this bill today, but the material that I wanted to use for that purpose has not yet arrived. I regret to say that I will not be able to speak to this matter—I know how disappointed honourable senators must be—until I get that material.

Hon. C. William Doody (Deputy Leader of the Government): I express my disappointment and that of all of my fellow Newfoundlanders at the delay, but I certainly accept the reason for it.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 6, 1986

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

Prayers.

THE SENATE

MINUTES OF THE PROCEEDINGS—RECORDING OF CHOOSING OF ACTING SPEAKER

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I rise on what I suppose is a minor or routine point of order. In looking at yesterday's *Minutes of the Proceedings of the Senate*, I noticed that the usual procedure to install a senator chosen by the senators to preside in the absence of the Speaker and the Speaker *pro tempore* did not appear in the *Minutes of the Proceedings of the Senate*. Frankly, I cannot remember whether or not the procedure, in fact, took place at that time, but it ought to have. Therefore, if we did follow the usual procedure at the beginning of the proceedings for yesterday, then the following motion and procedure ought to appear. I am reading from the *Minutes of the Proceedings of the Senate* of November 7, 1985, at page 800 when exactly the same thing took place:

> The Clerk at the Table informed the Senate that the Honourable the Speaker and the Honourable the Speaker *pro tempore* were unavoidably absent.

That is pursuant to rule 10. It then goes on:

> The Honourable Senator Roblin, P.C., moved, seconded by the Honourable Senator Frith:
>
> That during the absence of the Honourable the Speaker and the Honourable the Speaker *pro tempore*, the Honourable Senator Bélisle do preside as Speaker.
>
> Whereupon the Honourable Senator Bélisle took the Chair.

I think that is the procedure that we should follow. I just do not remember whether, in fact, we followed it yesterday, but, in any event, it ought to have been followed and I suggest that the *Minutes of the Proceedings of the Senate* should reflect it.

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

Hon. Senators: Agreed.

Hon. Rhéal Bélisle: Honourable senators, in answer to Senator Frith's point of order, I would like to inform him that when the motion was made by Senator Roblin, which was seconded by Senator Frith, it was intended that that circumstance would prevail for the duration of the session. I could ask the Clerk to confirm whether I am right or wrong on that.

Senator Frith: I certainly did not understand that that motion was for the duration of the session. All that it says, for example, on the occasion to which I have referred, is:

> Whereupon the Honourable Senator Bélisle took the Chair.

I hope it is clear that I had no objection to Senator Bélisle presiding at that time. It is true that we have normally adopted the procedure of asking Senator Bélisle to preside in the absence of the Speaker or the Speaker *pro tempore*, but according to the rules, of course, it can be any senator who can play that role, and that is what I understood our procedure to be. I do not think any order was made for a permanent replacement.

If I am wrong on that point, perhaps we should have a ruling on it. I did not wish, really, to make a very large issue out of it, but, as I understand it, according to our rules, it is either the Speaker, the Speaker *pro tempore* or a senator chosen by the Senate who presides, and that that is the procedure that should be followed. Therefore I think the *Minutes of the Proceedings of the Senate* should reflect that. However, if there is some question about it, then perhaps we should have a ruling on my point of order.

Hon. Charles McElman: On the point of order, honourable senators, I would just remind honourable senators that the practice over the years in this chamber has been very clear: When the Speaker and the Speaker *pro tempore* are both absent, then on each such occasion the Clerk informs the honourable senators and the honourable senators, at that point, choose a senator to take the Chair. That procedure is followed on each such occasion, and that is the practice that has been followed for many years in this chamber.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I, like Senator Frith, do not want to make a major issue out of this. I think that the simplest way of doing this now would be to accept the motion of Senator Frith to correct the record, and then have the Table research the documents to see if, indeed, such a permanent motion had been put and concurred in by this house. My memory does not tell me that that is the case, but I could be in error.

Like Senator Frith, I do not want in any way to intimate that we do not appreciate the job Senator Bélisle has done for us; he has been outstanding in the job when he has taken the Chair in the absence of our Speaker and the Speaker *pro tempore*, and I want to thank Senator Bélisle on behalf of all senators for the tremendous job that he has done.

Hon. Senators: Hear, hear.

Senator Doody: I also hope that he will continue to fulfill that function from time to time.

But, as honourable senators have suggested, the rules of the chamber are clear, and perhaps the simplest way out of the

impasse is, as Senator Frith has said, to simply change the record for now.

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

Hon. Senators: Agreed.

MINUTES OF PROCEEDINGS—RECORDING OF POINTS OF ORDER

Hon. Royce Frith (Deputy Leader of the Opposition): I now wish to raise another matter quite unrelated, but still dealing with procedure. I suppose I will be asking someone to look into this also, because I had never noticed the point before.

Yesterday the Leader of the Opposition raised a significant and substantial point of order. I have looked at the *Minutes of the Proceedings of the Senate* for yesterday and that point of order, as such, does not appear in that publication.

I believe in the other place points of order appear in the *Votes and Proceedings* as well as in the *House of Commons Debates*. I am not championing anything, but I suggest we might be told whether that is true or not—that is, whether points of order do or do not appear in the *Votes and Proceedings*.

Hon. C. William Doody (Deputy Leader of the Government): Once again, honourable senators, I think it is a matter of custom here more than anything else. It is rare, indeed, that what is described as a point of order really becomes a point of order, as is the case in the other place and in the legislature of which I was a member prior to being appointed to the Senate. Points of order in this place usually provide opportunities for honourable senators to make statements on particular issues. But if it is the wish of honourable senators to record the points of order in the *Minutes of the Proceedings of the Senate*, certainly that will give a livelier tone to that publication.

Senator Frith: Honourable senators, for the moment I should like to have an opinion on the subject. Perhaps the Speaker can give us his opinion, or the Table can give us an opinion, then we can take it from there. I am not insisting that the practice be changed; I simply want to be sure what the practice is.

The Hon. the Speaker: Honourable senators, I understand that points of order are printed in the *Minutes of the Proceedings* when the Speaker is asked to make a ruling, otherwise they are not, but appear simply in the *Debates of the Senate*.

Senator Frith: Let us leave it at that for now; I can always raise this before the Rules Committee of the Senate.

[*Translation*]

OFFICIAL LANGUAGES POLICY AND PROGRAMS

FOURTH REPORT OF STANDING JOINT COMMITTEE PRESENTED

Hon. Paul David, for Hon. Dalia Wood, Joint Chairman of the Standing Joint Committee on Official Languages Policy and Programs, presented the following report:

Thursday, February 6, 1986

The Standing Joint Committee of the Senate and of the House of Commons on Official Languages Policy and Programs has the honour to present its

FOURTH REPORT

In relation to its Order of Reference from the Senate dated Wednesday, March 27, 1985 and its Order of Reference from the House of Commons dated Tuesday, March 26, 1985 both relating to the Report of the Commissioner of Official Languages of 1984, your Committee recommends that five members of the Committee be empowered to travel to Vancouver from May 20, 1986 to May 27, 1986, and that the necessary staff do accompany the Committee.

Respectfully submitted,

PAUL P. DAVID for
DALIA WOOD
Joint Chairman

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

On motion of Senator David, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

DIVORCE ACT

BILL TO AMEND—REPORT OF COMMITTEE

• (1410)

Hon. Nathan Nurgitz, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, February 6, 1986

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

SIXTEENTH REPORT

Your Committee, to which was referred Bill C-46, intituled: "An Act to amend the Divorce Act", has, in obedience to the Order of Reference of Wednesday, February 5, 1986, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Deputy Chairman

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

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

DIVORCE BILL, 1985

REPORT OF COMMITTEE

Hon. Nathan Nurgitz, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, February 6, 1986

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

SEVENTEENTH REPORT

Your Committee, to which was referred Bill C-47, intituled: "An Act respecting divorce and corollary relief", has, in obedience to the Order of Reference of Wednesday, February 5, 1986, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Deputy Chairman

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

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

FAMILY ORDERS AND AGREEMENTS ENFORCEMENT ASSISTANCE BILL

REPORT OF COMMITTEE

Hon. Nathan Nurgitz, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, February 6, 1985

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

EIGHTEENTH REPORT

Your Committee, to which was referred Bill C-48, intituled: "An Act to provide for the release of information that may assist in locating defaulting spouses and other persons and to permit, for the enforcement of support orders and support provisions, the garnishment and attachment of certain moneys payable by Her Majesty in right of Canada", has, in obedience to the Order of Reference of Wednesday, February 5, 1986, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Deputy Chairman

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

[The Hon. the Speaker.]

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

ADJOURNMENT

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

That when the Senate adjourns today, it do stand adjourned until Tuesday next, February 11, 1986, at 2 o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE ECONOMY

VALUE OF CANADIAN DOLLAR—MARKET INTERVENTION—ROLE OF GOVERNOR OF BANK OF CANADA

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I direct my question to the Acting Leader of the Government in the Senate. In connection with the activity in currency markets yesterday, as honourable senators are aware, there was unprecedented action taken on two fronts: first of all, massive borrowings and draw-downs were made by the government in order to increase foreign reserves; and, secondly, there was massive intervention on the exchange market in order to stop the fall of the Canadian dollar and then to increase its value.

My question to the Acting Leader of the Government is this: Was the action taken with respect to the intervention on the currency market the responsibility of the Governor of the Bank of Canada in his capacity as the authority in place to protect the Canadian currency? Was it the governor who was responsible for this particular action?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have received no information to lead me to believe that it was other than the governor of the bank who was involved or whose directions were followed in this case. If the honourable senator wants me to check that so as to be certain, I will surely do so and confirm it at the next sitting of the Senate.

Senator MacEachen: Honourable senators, I thank the acting leader for his undertaking to confirm what he has said; namely, that it was the governor of the bank who took the responsibility for entering the exchange market in such a massive manner. So that there will be no mistake about the intent of my question, what I really wanted to ascertain is whether the governor acted in the normal course or whether he was instructed by the Minister of Finance or the Prime Minister to enter the exchange market. I want to ascertain whether he concurred with the advice or the instruction

received either from the Minister of Finance or the Prime Minister.

Senator Doody: I really cannot say what the procedure was. The honourable gentleman is more familiar than I am with the esoteric workings of the Department of Finance in its relationship with the Bank of Canada. My experience was in the colonial office of the Government of Newfoundland, and we were not privy to these weird and wonderful machinations.

Senator Frith: Enough of that Uriah Heep stuff.

Senator Doody: But I have no reason to believe that the usual procedures were not followed. Once again, I will ask that that be confirmed.

Senator MacEachen: Honourable senators, I just have one other point. Until yesterday, it appeared that the authorities—the governor of the bank or the Minister of Finance—were holding back; that this massive intervention was not taking place as the dollar was declining through the 70 cent level, which led me to inquire whether there was some sudden departure from what had apparently been a relaxed attitude. I wanted to know whether the governor had changed course—perhaps that is not the correct way to describe it. Maybe he was waiting and assessing the situation before he moved, or maybe, indeed, there was a recognition on the part of the government and the minister that something had to be done, and done quickly. Was this conveyed to the governor? That is the kind of question I am asking.

● (1420)

Senator Doody: I know exactly what the honourable senator is saying. There did appear to be an opening of the floodgates, and I can only hope that certain speculators were caught in the flow.

VALUE OF CANADIAN DOLLAR—GOVERNMENT ACTION

Hon. Ian Sinclair: Honourable senators, arising out of the questions in connection with the relationship between the Canadian and the U.S. dollar from the questions put and the answers given by the Deputy Leader of the Government it would appear that the action taken was in the foreign exchange market, first by intervention of the bank and, secondly, by increasing U.S. dollar reserves—which, of course, is a signal that further action might be contemplated.

My question goes further. While this action certainly has brought some stability—and I am informed that in terms of the U.S. dollar today the Canadian dollar is over 71 cents; and I am very happy to see that some stability has been introduced—my point is that experience has shown that that kind of action is temporary and does not touch the fundamental problem on which the instability was resting.

My question is: In view of the answers given, that it was the bank acting in the normal course of its operations, will the government take any specific action to increase stabilization and have a more realistic Canadian dollar relationship?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I tried to answer the stability question to the best of my ability when the honourable senator raised it on the last occasion. I had suspected that it was his concern for the lack of stabilization that may have prompted the action by the Bank of Canada and the federal government—but perhaps that is not so. In any event, the plan of the government is one of strengthening the economy, creating confidence, creating jobs, raising the employment rate, and so on. I went through that for the honourable gentleman a day or so ago. That is the plan that the Minister of Finance has outlined time and time again, and that is the plan that he intends keeping to. It seems to be working. I sincerely hope that it does. Much of the lack of stability, we are told, has been caused by speculation. To deal with speculators, I would suspect that one has to take action such as was taken yesterday. I sincerely hope that some of the speculators, if not all of them, got severely singed in the process. As for the permanent stability of the economy, I believe the Minister of Finance is doing an excellent job, and I am quite pleased with it.

Senator Sinclair: Honourable senators, I have no quarrel with the action taken. I was very happy to see it taken, and I am also happy with the result; but, as I pointed out, that is a *pro tem* measure, and experience has shown that it will not last too long if the fundamentals are not addressed. My point is that in view of the highly volatile situation, and in view of the fact that the dollar, at 72 cents, 73 cents or 75 cents, is still wallowing in despair, I am wondering whether the government will take at an earlier date some of the action it has promised, having to do with deficit reduction, stabilization of commodity prices, and so on.

Senator Doody: The honourable gentleman has raised a number of interesting points. One is that of the 75-cent dollar "wallowing". Those of us who come from resource-dependent provinces are not at all unhappy about a 75-cent dollar. I believe that the fish producers, the newsprint producers and the mining companies in Newfoundland get quite a break when they have to export against a 75-cent dollar. So it depends on whose bull has been gored. I am sure there are people in other parts of the country who feel quite differently. I see no "wallowing" in that particular case.

I cannot elaborate any further at this point on the long-term plans of the government. Its program has been laid out and I have been told, as we all have, that a further statement will be made shortly when the budget comes down. When that will be, I do not know at this point. I am sure that when the minister is ready he will tell us, and we will then look with interest to see what the new plans are.

Senator Sinclair: Honourable senators, if we have to wait until the budget before the government discloses how it intends to attack the fundamental problems that are destabilizing our currency, I wonder, if the dollar heads down again after this injection of reserves, whether it will cause the government to bring forth these actions a little more quickly.

Senator Doody: Honourable senators, the honourable gentleman has a happy facility of answering his own questions. He told us earlier that the government had built up the reserves to signal to the marketplace that they would intervene again if it

were necessary. I guess that answers that question. We are talking now about the short-term proposition about which the honourable gentleman has asked. The long-term answer is the financial plan of the government which has already been presented and which will be updated when the budget comes down. These points represent different sides of the same question, and I do not know how long we can bounce it around.

Senator Sinclair: Honourable senators, I thought that I had made it apparent in the way I phrased the question that intervention in foreign exchange by the Bank of Canada will have a short-term effect, that the fundamentals to which the honourable senator referred would be addressed in the budget, and I was wondering, if there were a heavy run on these reserves and the dollar started to slide again, whether the government would bring forth these changes which will come in the budget, and to which the honourable senator referred, at an earlier date than is now contemplated.

Senator Doody: Honourable senators, I really cannot add anything further. I have delivered all the information I have at this point. If the honourable senator would like me to search out something else, I would be happy to try to do so, though I do not think at this point it is possible.

VALUE OF CANADIAN DOLLAR—REQUEST FOR STATEMENTS OF CHAIRMAN OF ECONOMIC COUNCIL OF CANADA AND MICHAEL McCRACKEN OF INFOMETRICA LTD.

Hon. Lowell Murray: Honourable senators, I have a supplementary question. Would the Acting Leader of the Government obtain for interested senators the transcript of a presentation by Ms. Judith Maxwell, Chairman of the Economic Council of Canada, to the House of Commons Standing Committee on Finance, Trade and Economic Affairs in which she is reported to have said that, given the economic conditions of the country, the Canadian dollar is substantially undervalued? Would he also obtain, perhaps from the Parliamentary Library or some other source, a copy of the transcript of remarks of Mr. Michael McCracken, head of the economic forecasting and consulting firm, Infometrica Ltd., who has also said within the last day or so that, given the underlying economic conditions of the country, the Canadian dollar should be appreciating, not depreciating, at the present time?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, in the interests of the dissemination of unbiased and unprejudiced information, I would be only too happy to do anything I can in that regard.

Senator Sinclair: I wonder if the deputy leader would also search out documents giving contrary views.

Senator Murray: You can do that.

Senator Doody: Give me the sources.

Senator MacEachen: I hope all of that can be done despite the heavy burden on the printing establishment!

Senator Doody: And on me.

Senator MacEachen: Yes, and on the deputy leader.

[Senator Doody.]

VALUE OF CANADIAN DOLLAR—GOVERNMENT ACTION

Hon. Allan J. MacEachen (Leader of the Opposition): I would like to pursue a different line on this subject. I am not clear on what borrowings were undertaken by the government yesterday. At least, the newspaper reports are quite confusing on the point. There is a reference that there was a fresh borrowing of $2 billion. The *Globe and Mail* says:

> The federal Government also said it had concluded an unprecedented borrowing of $2-billion (U.S.) to bolster its international monetary reserves.

We have $2 billion there, and later in the same article, it states:

> Near the end of trading, Mr. Wilson announced a further $1-billion borrowing on the Government's $7.5-billion line of credit with Canadian and foreign banks—

Then there is a further statement that the government issued a $1 billion U.S. Eurobond and it is described as the largest bond issue ever floated by the government.

What I really want to know is whether this is a cumulative total borrowing of $4 billion, or whether there is some mixing up of the same activity which is improperly described. Perhaps the Acting Leader of the Government cannot tell me precisely today. If he can, I would be pleased; if not, I will wait until next week.

• (1430)

Hon. C. William Doody (Deputy Leader of the Government): No, I cannot. I had the same problem as did the honourable gentleman. I read the reports and saw the item on television and they are somewhat confusing. There is also a $400,000 amount that managed to get in there somewhere and there is also a Euro-yen offering which I had never heard of before which is also kind of interesting. I have made an inquiry of the department, but up to this point I have not received an answer. I would, therefore, rather wait until the next sitting to give you an answer to that question.

Senator MacEachen: Perhaps the acting leader would also make an inquiry as to whether there has been an increase in the bank rate today, and what the result of that is.

Senator Doody: There has been an increase in the bank rate and I am not exactly certain what it is. I have been told that the rate now is 11.47 per cent.

Hon. Ian Sinclair: What do the people in Newfoundland think about that?

Senator Doody: The people in Newfoundland have had very little access to the Bank of Canada for quite a number of years now, and I am perfectly certain they will not start doing so tomorrow.

AGRICULTURE

POTATO INDUSTRY—STABILIZATION OR DIVERSION PROGRAM

Hon. Eymard G. Corbin: Honourable senators, I have a question for the Deputy Leader of the Government in the

Senate. I would like to know from the honourable gentleman if it is the government's intention to lift the prohibition on camping on the green or in the snow on Parliament Hill.

Hon. C. William Doody (Deputy Leader of the Government): I, personally, have not prohibited anyone. As far as I recall, the Department of Public Works placed a prohibition last year on that activity, and I will make an inquiry as to what their plans are for the coming year. I was not aware that there was anyone anxious to do that at this point.

Senator Corbin: I know of someone who is, and I will advise you of who it is in a moment.

While the Honourable the Acting Leader of the Government is making that inquiry, and on the assumption that the answer is that we must live with the status quo, would the government consider making an exception for provincial premiers, for example, who might want to camp on Parliament Hill?

Senator Doody: I am not in a position to make exceptions for anyone, but certainly, if my premier wanted to spend some time here, I would offer him the facilities of my home. I would not expect him to camp out here on Parliament Hill.

However, I know that several months ago there was a rather unsightly campsite out in front of the building and at that time I made inquiries as to whether that same privilege could be extended to tourists from my home province since they were objecting to having to pay rent in the outlying areas and then driving into the city. I asked if it would be convenient for those people to pitch tents out in front here, and I was told that it would not be allowed. Therefore I do not know if they would make an exception for premiers in that event.

Senator Corbin: I have some advice for the Honourable Acting Leader of the Government: Perhaps he had better get ready for such an event. I will quote from a story published in the New Brunswick *Telegraph Journal* of Monday, February 3, 1986, where an honourable gentleman is quoted as having said:

> Pressure will continue to be exerted by ourselves, even if we have to camp in Ottawa.

The honourable gentleman who was quoted as having said those words is Premier James Lee of Prince Edward Island. If he is taking that drastic step, I gather that he may not have too many friends in Ottawa.

What Premier Lee is basically concerned about is the fact that Prince Edward Island still has not received any answer as to whether or not the federal government will contribute or, in fact, finance either a stabilization program or a diversion program for the potato growers of that island—and I presume that such a program would apply as well to other potato growers in eastern Canada. I wonder if the Acting Leader of the Government would inquire into that matter.

Senator Doody: I certainly will make an inquiry. I have to commend Premier Lee on his dedication. It sounds as though Prince Edward Island has a very dedicated and conscientious premier.

As for the other part of the honourable senator's question, I will certainly look into the matter.

Senator Corbin: I thank the acting leader for that.

POTATO INDUSTRY—RE-ESTABLISHMENT OF COMMISSION OF INQUIRY

Hon. Eymard G. Corbin: In view of the fact that the cost of a commission of inquiry into the potato industry would be perhaps but an infinitesimal fraction of the cost of a stabilization payment to potato growers, or the cost of a diversion program, and in view of the fact that we were told in this house last year that the present government, in order to save money, had decided to abolish the Royal Commission of Inquiry into all aspects of the potato industry and that it would take other measures to put some order into that industry, I wonder whether the acting leader would now request of his colleagues that they re-establish that commission of inquiry into all aspects of the potato industry in order to look at the basic, fundamental structural flaws as they now exist. It seems to me that such a commission would be much cheaper than having to go the route of subsidy payments to the growers every two or three years. Last year I predicted that that would happen again in the near future, and I predict that you still have not seen the end of this problem unless you do something basic with the flaws that exist within the industry today. That is my plea to the deputy leader.

Hon. C. William Doody (Deputy Leader of the Government): I will certainly make an inquiry on the senator's behalf.

COMMUNICATIONS

MUSEUM OF MAN—CHANGE OF NAME

Hon. Louis-J. Robichaud: Honourable senators, for many years now I have been wanting to get something off my manly chest and the occasion was offered to me last week due to an announcement that was made by the Minister of Communications for Canada who, incidentally, has been a good personal friend of mine since the days when he was a minister under Daniel Johnson in Quebec and also under Jean-Jacques Bertrand when he was Premier of Quebec in the late 1960s.

The Minister of Communications announced last week that he was appointing a task force to find a new name for the Museum of Man because the word "man" is, apparently, too sexist for a certain category of women who belong to the feminist movement. The feminist movement is a very effective and worthy movement in the world and I am not saying anything against it, but within any such movement we find that there are the extremists: Those who go too far. We find that too in the union movement. The union movement in itself is an extremely good one, but there are union leaders who go too far.

In my opinion, those who wish to change the name of the Museum of Man because the word "man" is too sexist are going too far. They would like it to become a museum of man and woman, perhaps or the museum of persons. I am sorry if

my preamble to the question is getting to be somewhat elaborate, but there is a very pertinent question at the end of it.

As I said, this is something that I have wanted to get off my chest for many years. For example, the same group wanted to change the word "chairman". We find in the dictionary that the definition of "man" is a generic term and includes mankind. Perhaps we should not say "mankind"; perhaps it should be "personkind" or something like that. In any event, the species is included in the definition of the word "man", and therefore "chairman" can apply to anyone who is the "président" of a committee of the Senate or of any committee in the world. The phrase is "the Chairman of the Board," not the "Chairperson of the Board," nor is it the "Chairlady of the Board."

• (1440)

If they want to go beyond that, there is an expression which has been used in Sweden over the past few years which can be used here, and that is the term "Ombudsman". That expression has been adopted by the English and the French, although the French might say "Ombudshomme." Perhaps they might say in English "Ombudswoman" or "Ombudsperson," if one extends the logic of this group of people, with whom I cannot possibly agree because I think they are going much too far.

I agree with the feminist movement; I agree with the conference that they held last year in Nairobi; I agree with the speech recently made by our Ambassador to the United Nations regarding a group of feminists who want to promote the cause of women, but I think some of them are going too far.

The word "manager" to these people is not acceptable. If they extended their logic they would say that the word "manager" is too sexist, that we should use the word "personager." There are many other words they would like to change, but I am not going to quote all of them.

If you extended their logic further, they would change the term "horsepower" to "animalpower" because "horsepower" is too sexist. We talk about dog food; well, a "dog" is a male. What are we to then call it, animal food? Are we to do that just to satisfy the appetite of these people?

Honourable senators, I have a great number of friends in the feminist movement—

Senator Nurgitz: Not any more!

Senator Doody: That was yesterday!

Senator Robichaud: I have many friends of the feminine gender, but none in this group is my friend. I would not want one of them to be my friend, nor would I want to be their friend, because I am afraid someone would call me a "homosexual." I would be afraid of that.

An Hon. Senator: That's going too far!

Senator Robichaud: Did I go too far? Well, I can go further. There are many things that I would like to say about this.

I am in favour of the feminist movement, but I am deadly opposed to these exaggerations because they are so flagrant and unacceptable.

[Senator Robichaud.]

I ask the Acting Leader of the Government in the Senate to approach the Minister of Communications to tell him to stop wasting Canadian taxpayers' moneys in establishing a committee, a commission or a task force to consider a new name for the National Museum of Man. I hope that that museum remains the "National Museum of Man," and that women will be included because women are included in the expression "man." One definition I received after asking for research was that the word "man" meant a member of the human species, and that a "woman" was a "man" with a womb.

I will not go any further. I simply ask the acting leader to approach the Minister of Communications to tell him to put a stop to this waste of taxpayers' money.

Some Hon. Senators: Hear, hear.

Hon. C. William Doody (Deputy Leader of the Government): I was going to ask the honourable senator to repeat the question, then I thought that it would be better if I just offered to send the question to the minister and ask him to answer it.

HUMAN RIGHTS

SASKATCHEWAN—PASSAGE OF BILL 144 IMPOSING SETTLEMENT ON GOVERNMENT EMPLOYEES

Hon. Hazen Argue: Honourable senators, my question is directed to the Acting Leader of the Government in the Senate and arises from the passage by the Saskatchewan legislature—

Senator Doody: Is it supplementary to that asked by Senator Robichaud?

Senator Argue: No, although it refers to both men and women, without any further elaboration on the point.

The question refers to the passage by the Saskatchewan legislature last Friday of Bill 144, imposing a settlement on the Saskatchewan Government Employees' Union. This bill relates to the imposed settlement of a strike. Its legality, ostensibly, was strengthened—for fear of being otherwise illegal—by invoking the "notwithstanding" provision of section 33 of the Charter of Rights and Freedoms.

The passage of this legislation has resulted in a very pertinent article in the Regina *Leader-Post* by Dale Eisler, in which he states:

> Anticipating a constitutional challenge to the legislation based on the right to freedom of association, the government has invoked section 33 of the Charter of Rights to override that right. It marks the first time a province—other than Quebec—has taken the extraordinary step of using the section of the charter that allows provinces to pass laws they concede could interfere with rights enshrined in the constitution.

He goes on to state:

> So in essence, the Devine government has come to the conclusion that it is willing to run the risk of possibly denying a constitutional right in order to end rotating strikes by the SGEU.

He concludes by stating:

> The question is whether rotating strikes of government employees warrant the deployment of a section in the Charter that was intended for rare and urgent circumstances.

There is also an editorial in the Saskatoon *Star Phoenix* which reads as follows:

> But there is an overriding consideration in the actions the government has taken in this case and one that requires some soul-searching on the part of Saskatchewan residents. It is the government's decision to invoke the "notwithstanding" clause in the charter of rights and freedoms.
>
> Effectively, this suspends the constitution of Canada in this one narrow area. And the example the government has set here, according to some legal opinions, effectively denying one group any recourse to legal challenges in the face of a government dictum, creates a thought-provoking precedent.
>
> Protecting the rights of any one group, be it a union, a business, a visible minority or whatever, is to protect the rights of all. That's the promise of the charter of rights, and it's one not to be taken lightly.

In today's Ottawa *Citizen* there is an article referring to this legislation, and I quote only one short sentence:

> Justice Minister Sid Dutchak, who guided Bill 144 through a two-day emergency session . . . acknowledged there is great uncertainty regarding the constitutionality of any attempt to end strikes through back-to-work legislation.

My understanding is that the Supreme Court of Canada now has before it consideration of the whole question of back-to-work legislation, this overriding provision, and so forth.

My question to the acting leader is this—and I apologize for such a long preamble: Would the acting leader discuss with the Minister of Justice a suggestion I wish to make, namely, that the Government of Canada, through the Department of Justice, take the initiative and refer this matter to the Supreme Court for judgment as to its constitutionality, particularly because, as I understand it, the way the law is constructed in the country, it is impossible for an individual citizen or group of citizens in Saskatchewan to initiate this appeal directly. I feel that this kind of legislation is definitely a threat to basic rights and freedoms guaranteed by the Charter, and it warrants the most sympathetic consideration by the government and a reference to the Supreme Court of Canada as to its constitutionality.

• (1450)

Hon. C. William Doody (Deputy Leader of the Government): From what I can gather from the honourable senator's comments, this sounds to me to be well within the jurisdiction of the Province of Saskatchewan. However, I will make certain that the honourable senator's comments are brought to the attention of the minister, and if he wishes to comment on it, he certainly can.

Senator Argue: Honourable senators, I am certainly not a constitutional lawyer or any other kind of lawyer, but my understanding is that it is within the jurisdiction of the Department of Justice to refer such legislation to the Supreme Court since its constitutionality is based on the Charter of Rights and Freedoms. Therefore, in my judgment the reference question is very much within the federal ambit.

TRANSPORT

RAILWAYS—SHORTFALL IN CN AND CP EXPENDITURES ON EXPANSION

Hon. Hazen Argue: Honourable senators, if I may at this time, I should like to ask another question on another subject. I refer to the very serious shortfall in the expenditures of both the CNR and the CPR on railway expansion in the last number of years and, particularly, at the present time.

It is well known to all parliamentarians that when the Crow legislation was changed the railways gave a solemn undertaking to expend large and well-defined sums of money on railway expansion. A report from *The Manitoba Co-operator* indicates that for 1986, CNR projected capital expenditures fall short of the $675 million that they had indicated they would expend.

I ask the deputy leader to refer this matter to the Minister of Transport for comment.

I would ask the government to take into account very seriously, when considering possible savings of money—a saving in the amount of the Crow benefit currently being paid to the railways—the situation if the railways fail to live up to the level of capital expansion that they agreed to when they were given these important and costly benefits.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I shall take the question as notice.

COMMUNICATIONS

MUSEUM OF MAN—CHANGE OF NAME

Hon. Peter Bosa: Honourable senators, I have a question for the Acting Leader of the Government in the Senate supplementary to that put by Senator Robichaud.

I should like to ask the deputy leader if he would indicate in addressing his inquiry to the Minister of Communications that the views expressed by Senator Robichaud are that senator's own views and not necessarily those of other senators, and that I, myself, feel that women, like minorities, have to struggle and have been struggling since 1921 for some sort of equality in order to get their franchise. Now they are struggling to get equal pay for work of equal value. If we can find some terms that accommodate both genders, I think we should not obstruct such a movement.

Hon. C. William Doody (Deputy Leader of the Government): I can understand Senator Bosa's willingness and even desire to backpedal away from that particular question, but he places me in a rather awkward position, because, if I were to exempt Senator Bosa, in particular, from the question, it would, by implication, seem that the rest of us endorsed it. I think I will just send the question on as it was put unless I receive further instructions.

Hon. Louis-J. Robichaud: Honourable senators, I assumed that most honourable senators understood my message. However, if there is any doubt, I would ask the Deputy Leader of the Government to add that I am completely in favour of equality for women in the work force and that I am in favour of women in every respect except when it means changing French and English grammar and vocabulary. Perhaps Senator Bosa has not understood the message, but I am sure that if he reads my remarks he will understand it.

AGRICULTURE

POTATO INDUSTRY—STABILIZATION ASSISTANCE

Hon. Heath Macquarrie: Honourable senators, I have a question for the deputy leader and I apologize for the brevity of my preamble.

Senator Corbin was kind enough to express solicitude for the Premier of Prince Edward Island coming to Ottawa tomorrow. I would like to say to the minister that the premier has actually been in this city twice in recent times and that we are not at all worried about his suffering from frozen fingers.

But I would like the deputy leader to convey to my old colleague and friend, the Minister of Agriculture, that we are a bit tired of his going back empty-handed in the matter of potato stabilization assistance.

Hon. C. William Doody (Deputy Leader of the Government): I will certainly be pleased to do that. What about accommodations for the premier when he is here?

Senator Macquarrie: He can share my pagoda.

Senator Doody: Thank you.

SUGAR-BEET INDUSTRY—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, I would like to get back on to good, solid, neutral ground and draw to the attention of senators that there are still at least 18,000 southern Albertans anxiously awaiting the word from the federal cabinet as to whether they will have a national sugar-beet policy and whether they will receive their 1983 stabilization payments, the absence of which, in their own words, is being felt by growers who are already reeling under the pressure of their uncertain future.

Honourable senators, I just want to try to show you what 18,000 signatures on a petition look like. I know I cannot present these two volumes in this chamber. The signatures cover both sides of each page.

Senator Bonnell: Perhaps you should read the names.

Senator Fairbairn: With leave, I would be prepared to read those names, but it would be much simpler if the Deputy Leader of the Government could put the petitioners out of their uncertainty and anxiety by telling us whether cabinet, this week, has made a decision on these questions of a national sugar-beet policy and stabilization payments.

Hon. C. William Doody (Deputy Leader of the Government): I regret to inform the honourable senator that I have no further information for her, although I have inquired once again.

Mostly due to the honourable senator's persistence, she can add to that list of 18,000 southern Albertans one Newfoundlander who would love to see this matter concluded.

Senator Argue: We depend on you.

REQUEST FOR ANSWERS

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a list of questions which I asked and which remain unanswered. I think Senator Doody and Senator Roblin will be happy to know that they are practically all, through effective sandbagging on their parts, obsolete.

However, I would like to refer to them. The most recent was asked in September of last year and the first one was asked on April 30, 1985, when I asked:

> Has the government asked for the resignation of all or some of the members of that board?

I was referring to the board of directors of Canadian National Railways. My question goes on:

> If so, can he tell us why such resignations have been asked for, in view of the fact that those appointments are term appointments? Have the resignations been forthcoming, or are negotiations proceeding with reference to those resignations? Also, have any Canadian persons who are eligible been advised that they will be appointed to replace that board if the resignations are forthcoming?

We may be able to find out, just for the interest of historians, whether, in fact, the government did request resignations of the board. That is the only life which seems to be left in that question.

The next question was asked on June 19, 1985, and appears at page 1065 of the *Debates of the Senate*. I asked if the Leader of the Government would ask the Solicitor General whether or not Corporal Wood, who was appointed to the Canadian Pension Commission, used to be an informer for Mr. MacKay. I suppose there is a little bit of life left in that question, so perhaps the deputy leader could try to breathe some more life into it and into the people who provide the information.

I also asked a question on September 17, 1985, which appears at page 1223 of the *Debates of the Senate*. At that time I asked if the Acting Leader of the Government would undertake to try to ascertain for us what relationship there was, if any, between the so-called truthful, honourable statement made by the minister and the notice of motion put on the Order Paper in the other place by the President of the Privy

Council referring the same questions to the Standing Committee on Finance, Trade and Economic Affairs.

Honourable senators, that CCB bill has been passed, and I believe that question has been sandbagged to death, so we may as well strike it.

The last question I should like to refer to was asked on September 25, 1985, and appears at page 1276 of the *Debates of the Senate*. It dealt with fisheries. I asked if the Leader of the Government could tell us whether Mr. McCain raised the issue of the million cans of tainted tuna with any members of the government at any time before the program was aired and, if so, with whom.

Although I think there is still a little bit of odour left in that one, I do not think there is much life. I am trying to be helpful so as to allow the Acting Leader of the Government to provide some answers, if he could, at least to those questions. Although I am trying to be helpful, I do not mean to imply that I am happy.

• (1500)

INCOME TAX ACT AND RELATED STATUTES

BILL TO AMEND—THIRD READING—ORDER STANDS

On the Order:

Third reading of the Bill C-84, intituled: "An Act to amend the Income Tax Act and related statutes and to amend the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Financial Administration Act and the Petroleum and Gas Revenue Tax Act".—(*Honourable Senator MacDonald* (*Halifax*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, the first Order of the Day has to do with Bill C-84. This order was stood yesterday—

Senator Phillips: It was sandbagged.

Senator Doody: —in anticipation of some information on the printing of the proceedings of committee meetings. I can report on the progress of the proceedings respecting Bill C-84 at this time.

I have been told by our ever-helpful and efficient staff that they will distribute to honourable senators on Monday the printed copies of the proceedings of the committees in both official languages. It is my hope that we will be able to proceed with that bill fairly quickly thereafter.

As to the general situation, our people are meeting tomorrow afternoon with representatives of the Translation Bureau and the Printing Bureau to see what can be done about making appropriate changes to the priority list. I have been told that the printing needs of the House of Commons take first priority. Where we stand in the pecking order I have not yet been able to ascertain, but after tomorrow's meeting we will have more information on that. Obviously, we have to impress upon them the importance of the Senate's receiving satisfactory treatment in terms of the printing of these minutes. That is the situation at this moment. I repeat that we will be meeting tomorrow with the appropriate people from the other sectors and that information regarding the committee proceedings on Bill C-84 will be available on Monday.

Hon. Allan J. MacEachen (Leader of the Opposition): I thank Senator Doody for his information and for the efforts he has made to meet my concerns. I appreciate them very much, indeed.

In light of the information that he has given—namely, that the printed proceedings will be available on Monday—there will be no difficulty, certainly from my point of view, in giving third reading to this bill on Tuesday.

Senator Frith: Third reading debate, at any rate.

Senator MacEachen: Yes. Third reading debate can start.

Senator Doody: Boy, that was close!

Senator MacEachen: In fact, I have no difficulty with commencing the debate today. I am somewhat penitent in that I have delayed for 24 hours the hearing by honourable senators of the eloquence of the mover of the motion for third reading.

Senator Frith: Hear, hear!

Senator MacEachen: In summary, I thank the deputy leader for his information and for the receipt of the proceedings on Monday. That will make it possible, at least from my point of view, to give the bill third reading as early as is practicable. I do not think that that will cause anybody any difficulty because, even if it were to receive third reading today, it would not receive Royal Assent in any event.

With respect to the other bills I mentioned, I can only, with the greatest possible gentility, remind the deputy leader that I am quite serious. I am glad that he is taking steps to ensure that we do get the priority which the Senate deserves.

Senator Doody: I thank the honourable senator.

Order stands.

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Tremblay, seconded by the Honourable Senator Murray, for the second reading of the Bill C-70, intituled: "An Act to amend the Family Allowances Act, 1973".—(*Honourable Senator Marsden*).

Hon. Lorna Marsden: Honourable senators, my colleagues on the government side will no doubt have recognized by now that there is great unhappiness on our side over Bill C-70, to amend the Family Allowances Act, 1973. The timing, the de-indexing provisions and the broader implications of this bill have received serious attention from several colleagues on this side of the chamber and there is widespread agreement among us that this change of course is not appropriate.

I cannot possibly reach the depths of historical analysis or the heights of expression displayed by my colleagues, and I will not even join in the competition. But I would like to congratulate them and to say what an education, as well as a pleasure, it has been to listen to and read their speeches in this chamber.

My major purpose in speaking on second reading is to take up the kind invitation, offered in Senator Tremblay's speech introducing second reading of this bill, to comment upon the report of the Standing Senate Committee on Social Affairs, Science and Technology, which was entitled "Analysis of Child and Family Benefits in Canada: A Working Document" and, in the course of doing so, to offer some supplementary ideas about what is going on through the changes proposed by Bill C-70, which is, as Senator Tremblay has said in his elegant dissection of the issue, only part of the government's larger scheme of changing the social welfare system as it relates to children and families in this country.

That larger scheme includes some additional legislative changes, one of which we are dealing with concurrently; that is, the Child Tax Credit provisions of Bill C-84. It also involves a revenue grab otherwise labelled deficit reduction.

As honourable colleagues have pointed out, the $49.5 million which the Conservative government will save in 1986 alone, and which is not to be matched by equivalent or greater expenditure on children and families because of the delay in implementation of the Child Tax Credit allowance, is the government's method of collecting tax from children and collecting the most from the children of the working majority, using the mothers as the instrument of tax collection. When provincial governments add on a sales tax, they are accused of taxing the children's candy. But this is a tax on the bread and milk of a great many Canadian children.

In addition to the fact of this year's grab, what is so very distasteful is the pretence with which this act is taking place. On December 27, 1985, the Minister of National Health and Welfare issued a press release with the headline "Increases in Family Allowances." I have here a copy of that press release. If I may be permitted to do so, I will include it in my remarks at this point because honourable senators will be amazed to read it. It states:

> Over 3.6 million Canadian families who receive Family Allowances on behalf of 6.6 million children will receive an increase in the new year.
>
> Health and Welfare Minister Jake Epp announced today that effective in January the federal government Family Allowances, paid monthly for children under 18, will rise to $31.58 from $31.27 in most provinces and in the territories. The increase is based on the change in the annual inflation rate in excess of three per cent.
>
> Under a provision in the Family Allowances Act, a provincial government may ask the federal government to vary the rates payable in that province according to the age or number of children in a family, or both, providing the average monthly payment equals the federal rate. This option has been chosen by Alberta and Quebec for 1986.
>
> In addition, the refundable Child Tax Credit for the 1985 taxation year will provide up to $384 per child based on family income. In order to receive the tax credit, parents must file an income tax return even if they had little or no taxable income in 1985.

[Senator Marsden.]

They have heard from everyone who has spoken in this chamber, both on the government and on the opposition side, that the de-indexing of the family allowance will mean a real loss of income to many families—families which the government does not consider poor. "Twelve per cent of families will lose substantially," said Senator Tremblay in his speech, "33 per cent have losses or gains which are not significant," yet I would ask honourable senators to note that in his announcement the Minister of National Health and Welfare says not a single word about any of this, something which I would characterize as less than honest and a bizarre idea of the gullibility of journalists. Fortunately, none of them seems to have swallowed it. There is not a word in this press release about the losses even to the very rich families of Canada, which one would have thought might reasonably have been mentioned. To borrow the phrase used by the new ambassador to Ireland to describe Conservative behaviour, this is "nauseating hypocrisy."

In effect, the changes proposed by the government move moneys from the nearly poor to the really poor. They do this by lowering the point at which the benefits will be received, by partially de-indexing and by ignoring some of the indirect effects of these changes on family income. Now, I agree with the government that there are all too many children living in poverty in Canada and too many families unable to feed, clothe and educate their children. I agree with the government that it is proper and desirable to re-examine regularly the social security programs of our country to see where they are going and to legislate changes which will benefit those most in need. I believe in reform, as Liberals do. Where I differ from the government is in the government's vision of the problem. I would describe the government's approach to the problem as being technocratic rather than reforming. The government presents tables of income distribution and issues a report which says, in effect, "How dreadful—look at what is happening to Canadians." Such tables have been discussed here. They see a "poor class" of people in Canada. They tell us, as the Prime Minister does so often, that they want to help "the poor." By analyzing our country in this way, the government is creating in its own mind a class structure and a structure of class divisions; and by acting on this image of "the poor" and "the rich"—of which the Minister of Finance suggests there are not enough—they are managing to create a class-divided society.

• (1510)

Allen Gregg recently reported in the national poll for *Maclean's* magazine that he had found, for the first time in his polling—and I stress that—a feeling of class difference being expressed by Canadians. Now where did that feeling

come from, and why this year? People have certainly been poorer before—which, as we have heard, is why the social security net was developed, and why we all deem it so important to maintain. People were worse off during the recent recession than they are now, and when inflation was galloping ahead of the ability of people to live on the family wage, Canadians were very badly off indeed, until the Liberal government intervened to restore some balance. So why should Allen Gregg, who is a first-rate survey analyst, find stirrings of class division in our society? I suggest it is because the Conservative government is having an effect. It is talking about "the poor" and "the rich," imposing its mental construct, based upon a technocratic analysis, rather than listening to the representations made to it, in the debate on the blue paper and elsewhere, by reformers who understand the diversity, the complexity and the multitude of forms which a low income can take in family life in this country.

The Liberal approach is to examine the needs and problems of individuals and to ask what to do; rights and entitlements established on the basis of being a Canadian take precedence over class analysis. But the Prime Minister has been quite clear about this issue from the beginning. He is interested in class analysis, not individuals; in redistributing income, not in making the system more responsive to people's needs.

The government is getting it partly right. The Child Tax Credit increases slated for next year will be very welcome. I agree with that method of redistribution. But what reveals the essential philosophical and experiential difference between the parties, as we both look at the same commonly-shared problem, is the view that poverty is reflected in federal income tables rather than in examining the life of ordinary Canadians; the view from above, rather than the view from the side; the view of the technocratic fixer rather than the reformer. Which is why, honourable senators, when the blue paper on family and child benefits, which the government produced early in its mandate, came before the Standing Senate Committee on Social Affairs, Science and Technology for study, we all saw a problem. Here was a government presenting a paper as if it were the only government in the country. The tables deal with federal programs only. When pressed, we discovered from the officials that the provincial governments would gain some real windfalls from some of the proposed changes to family benefits, with absolutely no guarantee, and no attempt at a guarantee—no willingness, even, it appeared from the minister—to ensure that the provinces would pass on those benefits to this "class" of people—to take the Conservative perspective—or the individual Canadian children, women and men in need.

Therefore our committee discussed it, and we looked at this question. The question was: What would be the impact of proposed federal changes on real families in each of the Canadian provinces? Would it make any difference, we wanted to know, if the fact that Newfoundland has the largest average family size in Canada, and Ontario has the largest proportion of childless families, were introduced into the discussion? We had witnesses from Health and Welfare who came to the committee and who were most willing to answer the most complex questions and to produce detailed tables of all degrees of sophistication and analysis—except that they could not tell us what the effect of the government's proposals would be on real families in each of the provinces we represent. To quote that great Harvard philosopher, Tom Lehrer, " 'When the rockets go up', who cares where they come down? 'That's not my department', said Wernher von Braun."

But our committee was incredulous. After all, we have had federal-provincial governments working together on social security as long as we have had Confederation. According to Campbell and Szablowski, in their study of the 91 senior bureaucrats in Ottawa, federal bureaucrats consult provincial bureaucrats before they consult anyone at all, including cabinet ministers, the Prime Minister's office, or anyone else. The business community and provincial bureaucrats are their main sources. So we were very curious.

In the end we had to establish our own subcommittee to look at this question of the interaction between federal and provincial benefits and their collective impact on the variety of types of families in each of the provinces of Canada to try to establish how, indeed, changes in federal benefits would have an impact on families with children. That is what this report—which I hope all honourable senators have—does; and that is all it does.

I believe that honourable senators will find the first ten pages of the report to be most useful. They describe a method developed for our committee by the researchers in the Library of Parliament, who worked over the summer and who dug up the most interesting data and devised the most helpful analyses, and to whom I would like to express thanks and pay tribute. Our researchers devised a method to look at the impact of the proposed changes. Honourable senators will recall that we did not have Bill C-70 before us at the time, but only the amounts need to be changed.

Honourable senators will see in the report that we begin by describing a variety of income concepts—because, of course, the tax system is involved. Some child benefits, such as family allowance, are taxable, and so one's income bracket becomes crucial. Various deductions can be made and there are various provincial taxes and benefits in different categories of income. We have invented here a new income concept called "Total Financial Resources" which measures the after-tax and after-benefit purchasing power of families, to see, for example, if the family with six children in Corner Brook would be able to live and be relatively as well off as a family with six children in Montreal, Winnipeg or Edmonton.

We also included in our concept of family and child benefits some federal benefits which the federal government excluded from its blue paper. The deduction for child care expenses and the equivalent to married exemption, which is particularly important in single-parent families, were captured by our analysis. We looked at the after-tax value of each of those benefits.

We then went on to look at the complex and interesting methods by which provinces deal with the family allowance and also with the variety of provincial benefits. Such benefits include health insurance premium assistance—which occurs in three provinces—or shelter and tax assistance plans in three provinces; and we were able to show that since they are directly increased as taxable income decreases, those benefits are adversely affected by either an increase in family allowance payments or a decrease in the child tax exemption. In short, honourable senators, all is not as it looks from Parliament Hill.

The method found on the first ten pages of our report is meant to be available to be used at any point at which a federal benefit is changed. Already we have produced a paper on family allowances, which no doubt will be considered in detail by the Standing Senate Committee on Social Affairs, Science and Technology when Bill C-70 is referred to that committee.

The bulk of the report describes how, when that method is applied, families of various types are affected: Single-parent and two-parent families, one-earner and two-earner families, with young children or older children, in each of the provinces of Canada. All types of families are affected, as nearly as we could calculate, based on the information available. The tables in this report reveal in considerable detail what those effects may be. We sincerely hope that each senator will find the report useful in examining the situation in her or in his province, and will alert us to any errors or anomalies. It is meant to be a tool or, as we described it, a working document.

Behind this paper is the reality that our colleague, Senator Turner, described yesterday: The real children and mothers and fathers behind the doors on which he has knocked, and on which so many here have knocked, for so many years—the children and mothers and fathers which honourable senators will also see described in the forthcoming report of the Special Senate Committee on Youth issues—a most complex array of people, who are struggling in a variety of ways to overcome the constraints laid upon them by an unsteady economy, regionalized inequality and a changing labour force. This year, and in the future, the government plans to reduce the benefits to all but a certain category of families, which are described as the poorest families, which increases the burden on the working poor and especially on low middle-income families—who are the majority of families and who, if they are in that income category, are likely also to be in their child-rearing years.

● (1520)

It is the provinces who will have to pick up the slack because, as the economy changes—and we hope it will improve—families go in and out of need for basics in housing, help for their children, help in income and so on. The provinces have been asked already to pick up the bulk of these costs and, yet, federal transfers to the provinces are being reduced, first in the EPF for health and education and in the Canada Assistance Plan. At the same time, since information services are being cut or user fees imposed—very dramatically as in the case of Statistics Canada—we will learn less and less about what is actually happening to families, especially those in need. The provinces are attempting to fill the gap. Premier Peterson of Ontario, for example, has announced recently a $71 million program directed to care for elderly people—another competing priority in our society. We hope that the Standing Senate Committee on Social Affairs, Science and Technology will be helped to analyze quickly the impact of federal and provincial changes, to be able to provide a better analysis of their impact on the families of this country. The method here, of course, is impartial and does not deal at all with the basic difference in philosophy of a government of the Conservative stripe or a government of Liberalism. The people choose between those differences.

On our side, we protest against Bill C-70 most strongly. We find it is unfair this year and it will continue to be unjust in the long term. We believe it destroys the confidence of the people of our country much faster than the plight of the dollar will do. This year it takes money out of the mouths of children, and we believe that it will lead to a loss of confidence on the part of Canadians concerned about families, as the move against the old age pensioners reduced confidence in the government. No matter how honourable the intentions of the government may have been in either case, losing the confidence of the people is a calculated risk the government has taken as it has built up its legislative record. We believe that the amendment to the Family Allowances Act, the partial de-indexing, and the relationship of timing between this and the Child Tax Credit increases are not in the best interests of anyone, and we hope that the government will re-consider, at the very least, the timing of this measure.

On motion of Senator Frith, for Senator Thériault, debate adjourned.

[*Translation*]

TORONTO HARBOUR COMMISSIONERS' BILL, 1985

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator MacDonald (*Halifax*), seconded by the Honourable Senator Murray, for the second reading of the Bill C-76, intituled: "An Act respecting the operation of the Toronto Island Airport by the Toronto Harbour Commissioners"—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, following the comments I made yesterday, I regret to advise you that the papers to which I referred have not yet reached me. I will try to deal with this matter next week.

If those papers reach me in the meantime, I promise I will make a statement next week.

Order stands.

[*English*]

INTERNATIONAL TERRORISM

MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Marshall:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues of current and likely future terrorist activity in Canada, directed at Canadians or using Canada as a base for extra-Canadian activities;

That the Committee make specific recommendations on the Government of Canada's policies with respect to terrorism; the protection of Canadians and Canadian federal and provincial government representatives abroad; the role of the media in reporting terrorist threats and incidents; the ability of conventional law enforcement organizations in Canada to deal with specific terrorist incidents; and the need for an anti-terrorist organization in Canada, its role and reporting relationship;

That eight Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;

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

That the Committee have power to adjourn from place to place within Canada;

That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and

That the Committee present its report no later than October 1, 1986.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I had intended to proceed today. I am not going to do so because Senator Kelly told me that he would be unable to be here this afternoon, and both he and I think it appropriate that he be here.

Senator Doody: He is trying to get a plane out of Toronto Island.

Senator Frith: Perhaps, or to Toronto Island.

Order stands.

HEALTH

ILL EFFECTS OF SMOKING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Bosa calling the attention of the Senate to the ill effects of smoking to smokers and non-smokers alike.—(*Honourable Senator Bosa*).

Hon. Peter Bosa: Honourable senators, I yield to Senator Haidasz.

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

Hon. Senators: Agreed.

Hon. Stanley Haidasz: Honourable senators, I rise this afternoon to speak on a topic which I believe is a national tragedy and, indeed, a national scandal when we take into consideration the extent to which the effects of tobacco smoking, entirely preventable, are doing tremendous harm, both to tobacco smokers and non-smokers. Before I develop the few points that I have in mind, I would like to take this opportunity to thank the Honourable Senator Bosa who, in his speech on January 24, 1985, called our attention to the ill effects of tobacco smoking to smokers and non-smokers alike. He is to be commended for his initiative and for suggesting in his excellent speech many things which, I believe, constitute practical steps that could be taken by us in the Senate, by the federal, provincial and municipal governments and by the rest of the Canadian public. His example was followed in the past few weeks by the Deputy Leader of the Opposition, Senator Royce Frith, who moved a motion on January 29 that our rules be amended to prohibit the smoking of tobacco at all meetings of Senate committees. I heartily endorse this motion and hope that we will pass it as soon as possible. It will be a great example for those in the other place. As you all probably know, the Speaker of the House of Commons has already banned tobacco smoking in all elevators and buses on Parliament Hill.

I mentioned that tobacco smoking and its ill effects are both a national tragedy and a national scandal. I say that because of the mounting evidence of statistics from both Canada and the United States available to us. The recent statistics I was able to obtain from the Department of Health and Welfare in Ottawa are those for 1982. They state that in that year alone $7.1 billion was lost to the Canadian economy because of tobacco related diseases. I also learned that the largest part of that figure was due to the forgone income lost because of premature death. It amounts to $4.6 billion. The remainder of the amount consists of hospitalization costs, amounting to $1.5 billion; physician care, amounting to $30 million; disability costs, amounting to $860 million and fire loss due to smoking amounting to $120 million. This total of $7.1 billion refers only to direct costs. This figure does not include the cost of extra pharmaceuticals or costs for the maintenance of fire fighting services. These people tell us that 20 per cent of all fires are said to be due to tobacco smoking.

• (1530)

Also, the illnesses caused by passive smoking or second-hand smoke are costly. There are also added costs for installing proper ventilation systems, or maintaining or improving existing ventilation systems; and then there is the cost of depreciation added to the other costs caused by smoking.

Other striking statistics are that consumers spent $4.4 billion to purchase tobacco products in the year 1982 and that $3.2 billion of that amount went in the form of taxes to both the federal and provincial governments. In spite of all of these costs, the Department of National Health and Welfare has recently spent only $1.5 million annually in their educational programs to dissuade people from smoking. I should add that they have done other things, however, such as putting a

warning sign on cigarette packages, but health authorities tell us that this warning is inadequate and that the four alternate warnings that appear on cigarette packages in the United States are far more adequate and, they believe, far more effective.

Meanwhile, tobacco companies are reported to have spent $100 million in 1982 to advertise their products in Canada. What is most frightening are the latest statistics for 1983. They reveal that tobacco-related diseases, which include bronchogenic carcinoma, emphysema as well as coronary heart disease, in 1983 killed 32,623 Canadians. Of those deaths, 20,200 occurred in men and 12,423 occurred in women. The majority of these deaths—25,571—occurred in people over the age of 65 and 7,052 in people under the age of 65. Furthermore, lung deaths due to tobacco smoking in females is increasing, and our epidemiologists in Canada, as well as in other countries, are predicting that lung cancer deaths in women will surpass deaths due to breast cancer—which is the number one killer of women today—before the year 1990. Other statistics available from the Department of National Health and Welfare reveal that in Canadians under the age of 55 who suffered a heart attack, a myocardial infarction or ventricular fibrillation, the cause of death was determined to be the nicotine and carbon monoxide in tobacco, after adjusting for such risk factors as high blood pressure and elevated serum cholesterol.

Honourable senators, these are frightening statistics and that is why they should be described as a national tragedy. The slowness with which governments have moved in this field since 1953, when lung cancer was definitely blamed on tobacco smoking, must be called a scandal. So much of taxpayers' money has been spent in other fields, but when it comes to the deaths of more than 32,600 Candians due to a preventable factor, namely tobacco smoking, that calls for national concern and national action. I would urge that we proceed as quickly as possible to approve the motion of Senator Frith in order that others may follow this good example.

My second appeal to honourable senators is to become more interested in this very important topic and, by their manners and legislative action, to set a good example to other Canadians.

One of the factors that prompted me to speak today was an incident that occurred when I was flying home last Thursday afternoon on an Air Canada flight from Ottawa to Toronto. The captain of the aircraft announced that we should prepare for landing, buckle our seatbelts and extinguish all cigarettes. At that moment, an Air Canada stewardess lit a cigarette in the service area of that aircraft and kept on smoking, in spite of this warning from the captain and in spite of the lights that were put on by the captain.

Another factor that prompted me to speak on this matter today was an advertisement that appeared in the *Globe and Mail* this morning by Air Canada, and a special business travel section which appeared in that same edition with respect to the additional services that are being provided for the air-travelling public. Neither in the advertisement for Air Canada nor in that several-page supplement to the *Globe and Mail* was there any mention of making available more seats for non-smokers, a sector who are now the majority of the Canadian population. On more than one occasion I have witnessed an altercation between a passenger and a ticket agent over the problem of the unavailability of a seat in a non-smoking area, in spite of the fact that, according to Air Canada advertisements, anyone who announces himself to an Air Canada agent at least 30 minutes prior to flight time is guaranteed a seat in a non-smoking area.

Another thing that is happening on some Air Canada flights is that they place the non-smoking section right in the middle of the aircraft, sandwiched between two smoking areas, one in the front and one in the rear. On one occasion I brought this to the attention of the captain of the aircraft and was told by him that, on this particular flight, that had to be done. I then asked him about the complaints of passengers who were sandwiched between these two smoking areas and I was told that, in spite of the fact that the ventilation system is supposed to ventilate the air every four minutes, in fact, in this particular captain's experience, only a 50 per cent clearance rate was achieved by the ventilation system installed in the passenger cabins of Air Canada planes, and he wished that smoking on aircraft were banned.

• (1540)

So, even on airplanes, and more so in buildings, especially air-tight buildings, this toxic air is being recirculated and recirculated. Those who live or work in high-rise, airtight buildings are complaining more and more of irritations such as headaches, sore throats and coughing. Most of those complaints can be attributed to smoke from tobacco products.

For the past 35 years I have been a physician engaged in general practice and have witnessed the terrible suffering and the horrible death of people dying from emphysema and lung cancer. When a physician has to tell a patient that he has only a week, a month, or two months to live, and in that time he should settle his affairs with himself, his family and with his God, it is heartbreaking. That is the most difficult thing for a physician to do. That is why I have pondered about the desirability of introducing a bill in the Senate to protect non-smokers. As soon as the translation is made, I will present such to the Senate in the hope that a national debate will take place. I hope that that bill will be referred to the appropriate Senate committee, which will call as witnesses before it experts such as epidemiologists, representatives from the airlines, representatives of non-smoking associations, representatives of the tobacco companies, and representatives of smokers. I hope the result will be that in the future the workplace will be free of tobacco smoke, and that a passenger on all modes of transportation will be able to arrive at his or her destination without becoming ill or without being exposed to the toxic effects of tobacco smoke.

Senator Bosa: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Bosa speaks

now, his speech will have the effect of closing the debate on this inquiry.

Senator Bosa: I should like to conclude this Inquiry by putting on the record some correspondence I have received in the recent past, and also I should like to thank Senator Frith for his intervention in this debate, Senator Macquarrie for his support, and Senator Haidasz for the dramatic way in which he presented the effects of smoking on the health of mankind.

I understand that Senator Hays wanted to speak on this inquiry. Since Senator Frith has a motion on the order paper to amend the rules of the Senate, which amendment would have the effect of prohibiting smoking at committee meetings, perhaps Senator Hays will have an opportunity to register his remarks in speaking to that motion.

Honourable senators, on February 5, 1985, I wrote to the Prime Minister of Canada. I should like to put that letter on the record. It reads as follows:

> On January 24, 1985, I initiated an inquiry in the Senate concerning the "ill-effects of smoking on smokers and non-smokers alike". I am enclosing a copy of my speech, for your information. You may note that I made some specific suggestions which the government and the Speakers of the two Houses will hopefully consider implementing. To that end I have written to the Speakers urging them to consider providing areas for non-smokers in committee rooms, cafeterias and in the Parliamentary restaurant. The Council of the City of Toronto has recently enacted a by-law making it mandatory to reserve non-smoking areas in restaurants of a certain size.
>
> I think it would be most encouraging if the government of Canada also made similar arrangements in those buildings under its jurisdiction. It would have the effect of focusing the attention of the country to this alarming subject. In so doing other governments and, hopefully, the private sector might emulate the initiatives of the Federal government.
>
> There is a precedent that comes to mind. Following the International Year of the Handicapped a number of modifications were made to sidewalks and building facilities of the federal government to enable people with disabilities to have access to the amenities of life. Similar alterations were made by other jurisdictions. The same thing might, hopefully, happen in this case.
>
> From consultations I have had in the recent past with members of both Houses and their staff on the Hill, there is great support for such an undertaking.
>
> I urge you, Sir, to consider asking your officials in Public Works and Health and Welfare if it is feasible to initiate such a plan of action at this time in light of the increasingly and voluminous knowledge that is coming to light on the ill-effects of smoking on smokers and non-smokers alike.

That letter is signed by me.

I should now like to read into the record the reply from the Prime Minister dated March 25, 1985, which reads as follows:

> Thank you for your letter of February 5 and your attached speech concerning the effects of smoking on smokers and non-smokers.
>
> Given his responsibility for the public service and its working conditions, I have asked my colleague the President of the Treasury Board to reply to your letter. Mr. de Cotret is in the best position to inform you of recent initiatives taken to address this issue and of current action plans.

That letter is signed by Brian Mulroney.

Subsequent to that, I received a letter from the Honourable Robert de Cotret, which reads as follows:

> On behalf of the Prime Minister, I am replying to your letter of February 5, 1985 which concerns the provision of non-smoking areas in government buildings.
>
> The Treasury Board, as Employer for the Public Service, has recently addressed this important matter through the issuance of guidelines which direct departments and agencies to provide non-smoking areas in cafeterias, meeting rooms and other general service areas. The guidelines also prescribe a number of measures which are to be taken to minimize the effects of tobacco smoke in federal workplaces.
>
> I trust that the implementation of these guidelines will prove to be effective and will result also in the desired atmosphere of courtesy and consideration between smokers and non-smokers alike.

That letter is signed by Robert R. de Cotret.

Honourable senators, we just came out of the National Anti-Smoking Week. Another year has passed very quickly, and it seems to be appropriate at this time to look at what has been done on Parliament Hill and in other parts of the country to combat the costs and hazards of smoking.

Government statistics have indicated that although cigarette smoking has declined among Canadians in general, young women are still not reducing their cigarette consumption as much as other groups. Anti-smoking activists have attempted to persuade governments to ban advertising of tobacco products and to encourage employers to declare work environments no-smoking zones.

• (1550)

Early in 1985, Treasury Board produced voluntary guidelines outlining measures which should be taken to reduce the negative effects of tobacco smoke in the workplace. It was suggested that government offices create non-smoking areas and that smoking rooms be located near return air vents to help prevent smoke from being sucked back into the work areas. In June of last year, the Auditor General set a precedent by banning smoking in that department. In October 1985,

Jake Epp announced that, effective January 1, 1986, smoking would be restricted at the Department of National Health and Welfare to designated areas apart from the normal work areas. A similar policy is in effect in the Department of Regional and Industrial Expansion. The Kingston *Whig-Standard* and the Toronto *Globe and Mail* have both announced that smoking will not be permitted in general work areas. Gradually, employers are realizing the potential health risks of second-hand tobacco smoke.

The Department of National Health and Welfare has launched a $1.5 million anti-smoking campaign, much of which was granted to a rock-video type of television advertisement geared to young people. Ironically, the government employed the same company to make the video that advertises for Imperial Tobacco Ltd. This irony was well discussed by the media, as was the recent $90 million "prepayment" given to tobacco farmers who could not sell their 1985 crops.

Although we can feel some sympathy for farmers in debt, caught by falling national and international tobacco prices, should one department of the government be conducting an anti-smoking campaign with the taxpayers' money while another department is trying to prop up the dying tobacco industry? In December 1985, newspapers reported that as many as 1,000 angry tobacco farmers demonstrated on Parliament Hill, demanding that the federal government establish a federal tobacco marketing board. This board would essentially try to expand present markets. Tobacco companies are already looking for new markets in the Third World, especially among young people and women. At the same time, the World Health Organization, an agency of the UN which Canada supports morally and financially, as well as the Canadian Non-Smokers' Rights Association and the Canadian Council on Smoking and Health, have called for a total ban on tobacco advertising.

In Ottawa, concern about combatting cigarette smoking in public places and at work is growing. The Non-Smokers' Association of Ottawa-Hull conducted a poll of MPs in 1985 and found that 86 per cent either supported or were sympathetic to non-smokers' rights in the workplace. The majority of MPs agreed that: non-smoking areas in the workplace are a good idea; Treasury Board should order all deputy ministers to establish non-smoking work areas for public servants, where feasible; Treasury Board should set up independent arbitration for cases where employees and management disagree on the feasibility of such areas in the workplace; the government should establish segregated smoking areas; and Treasury Board should issue a directive banning smoking at meetings unless everyone consents.

In December 1985, an adjudicator for the Public Service Staff Relations Board concluded that the Department of National Health and Welfare was breaching its collective agreement by not protecting its employees from cigarette smoke which can be considered a "dangerous substance." The federal government is appealing this decision for legal reasons and, presumably, because they are concerned about a flood of similar grievances.

Debates continue on the effectiveness of various campaigns to reduce smoking. Health warnings on cigarette packages and bans on advertising appear to be less effective than raising prices by initiating higher taxes. Higher taxes may, however, be politically costly. By one estimate, as reported in the *Globe and Mail* on June 20, 1985, tobacco and alcohol interests contributed about $6 million to Canadian political parties in 1984, and it is unwise to bite the hand that feeds you.

Tobacco smoke, however, causes an enormous drain on the economy in health care costs and lost work days due to illness, as was very ably demonstrated by Senator Haidasz. Considering the importance governments are placing on reducing health costs in the last few years, one would think that preventive medicine is essential. Cigarette advertising could be banned in all media and prices could be raised. Warnings on cigarette packages could be much more explicit. Tobacco farmers could be encouraged to change crops or occupations as quickly as possible and smoking could be banned in all indoor public places as well as in working environments.

On January 23, 1986, the Ontario government agreed in principle to a private member's bill prohibiting smoking in indoor public places, including public vehicles. There is no reason why the federal government could not make a similar move within its own jurisdiction, such as banning smoking on short-distance flights. I happened to be on the flight Senator Haidasz described earlier. I was sandwiched between two smokers who had no regard for non-smokers.

For a start, smoking could be prohibited in committee meetings on Parliament Hill, as was suggested by Senator Frith, and in some sections of parliamentary cafeterias and the restaurant. We cannot afford to jeopardize the health of our colleagues now that we know the toxic effects of tobacco smoke.

I realize that smokers have rights, but non-smokers also have rights. I think we cannot legislate people to stop smoking, but there is something we can do in order to assist them to give up the habit. For instance, when I quit on January 3, 1969, I had been a heavy smoker, smoking in excess of 50 cigarettes a day.

Senator Petten: Born again!

Senator Bosa: Unlike many people who quit the habit because of a fear of ill health, I quit because I was running out of cigarettes all the time.

I read an article in The *Toronto Star* by Ann Landers, published on January 16, 1986.

Senator Doody: Ann Landers?

Senator Bosa: Yes. The title of the article is: "Some tips to help smokers butt out." I should like to put this article on the record. It states:

> Some 320,000 Americans and 30,000 Canadians will die prematurely this year of diseases linked with smoking.

If you haven't already quit smoking, be kind to your family and yourself and make a start today, the beginning of National Non-Smoking Week. Here are some tips from the American Cancer Society to help you quit the filthy habit.

Wet down all cigarettes in the house and throw them in the trash can. Clean out all ashtrays in your home and office and store them. Discard matches; hide lighters, or give them away.

When the urge to smoke hits, take a deep breath. Hold it a second, then release it very, very slowly. Taking deep rhythmic breaths is similar to smoking, only you'll inhale clean air, not poisonous gases.

Exercise to help relieve tension. Climb stairs rather than take the elevator, park the car a block or two from your destination and walk the rest of the way. At home, practise touching your toes, jog in place, do jumping jacks.

When tempted to reach for a cigarette, think of a negative image about smoking. Select your worst memory connected with the habit. The time you burned a hole in your suit or when you were left completely breathless running for a bus that pulled away. Imagine this experience for 15 seconds whenever the urge occurs.

Reward yourself with oral substitutes in the same way you may have used cigarettes. Good examples: chewing sugarless gum, lemon drops, pumpkin or sunflower seeds, apple slices, carrot sticks, unbuttered popcorn or stick cinnamon.

Senator Doody: Is this Ann Landers?

Senator Bosa: Yes.

Senator Doody: That is remarkable. Have we got the date on that?

Senator Bosa:

• (1600)

Eat three or more small meals a day. This maintains constant blood sugar levels, and helps fight the urge to smoke. Avoid sugar-laden foods and spicy items that can trigger a desire for cigarettes.

Scramble your day and change habits connected with smoking. Drive a different route to work; eat lunch in a new place; leave the scene of the urge. At home, avoid your smoking chair after dinner, reach for gum rather than a cigarette when answering the phone.

Cleanse your body of nicotine. Drink liquids—lots of them. Water (six to eight glasses a day), herbal teas, fruit juices and caffeine-free soft drinks are recommended. Pass up coffee, caffeinated soft drinks and alcohol, as they can increase your urge to smoke.

Senator Doody: We have to give up drinking, too.

Senator Bosa: Honourable senators, I think that these are excellent suggestions for anyone who tries to give up the habit.

The Hon. the Acting Speaker: Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered as having been debated.

Senator MacEachen: Ann Landers had the last word!

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Leave having been given to revert to Motions:

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I would like to put formally the motion for the sitting on Wednesday while the Senate is sitting of the Standing Senate Committee on Legal and Constitutional Affairs. I move, with leave of the Senate and notwithstanding rule 45(1)(a):

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting on Wednesday next, February 12, 1986, and that rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until Tuesday, February 11, 1986, at 2 p.m.

THE SENATE

Tuesday, February 11, 1986

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

Prayers.

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-65, to amend the Royal Canadian Mounted Police Act and other acts in consequence thereof.

Bill read the first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*English*]

POINT OF ORDER

Hon. Eymard G. Corbin: Honourable senators, I rise on a point of order. I have taken note of the practice in the Senate of presenting bills that come to us from the House of Commons marked "as passed by the House of Commons" without explanatory or technical notes. When a bill is introduced at first reading in the House of Commons, the bill contains notes explaining the reasons for amendments, notes which give the original text being amended, as the case may be, and assorted other useful commentary so that the legislator in the other place is in a position to make a rational judgment as to whether or not he should accord his support to the bill, as presented.

In the Senate we do not, of course, have the benefit of that information since bills introduced in the House of Commons come to us "as passed by the House of Commons."

One could always say: "Well, Senator Corbin, why don't you refer to the bill as introduced in the House of Commons? Then you will see spelled out the technical information which you are seeking." But that does not in any way, shape or form answer all of my concerns. I am prepared to do that, but what happens is that the bill is often amended by the committees of the House of Commons and at the report stage in the House of Commons. We do not have the benefit of the technical information as it relates to those amendments to a bill. I think that as a member of a house which is supposed to "sober second think" everything that comes to us from the other place, we ought to have that information.

I suppose I could always go back and read the verbatim evidence presented to the committees which dealt in detail with the bills and read all of the debates that took place on the floor of the House of Commons, but what time would I have left to do my other chores around this place? I think that is an unreasonable demand.

I am not saying that I will look with a magnifying glass at all of the technical information, but I feel I ought to have that information at my disposal if I do, in fact, want to examine it.

I raised this matter previously in a committee of the Senate with the Honourable Senator Doody. I think he will recall that discussion. I must say that he was most forthcoming in his response to me, which indicated that he would inquire into this matter. Other senators thought there was a time in the history of this institution when senators, in fact, were given bills which contained these technical notes. I have not done any research on that topic and, therefore, I cannot add to that.

If it is for reasons of economy that we do not print those explanatory notes and technical information, I think it is a miserly attitude which prevents one from giving proper consideration to the legislation which comes to this house from the other place, and I submit that this whole matter ought to be examined. I would, perhaps, be disposed on some other day to go so far as to suggest that we ought not to consider legislation passed in the House of Commons unless the copy of the bill sent to this house contains that technical information. I do not believe we should get any different treatment from that which is accorded to members of the House of Commons. We have a job to do and we must be given the proper tools to do that job in a fitting manner as is expected of this chamber.

Some Hon. Senators: Hear, hear.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, as he has indicated, Senator Corbin raised that point with me several weeks ago. At that time, I made an inquiry of the officials of the chamber, asking them to look into the matter to see what would be entailed in providing that sort of information. As of this date, I have not received the information requested.

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-80, to amend the Excise Tax Act and the Excise Act and to amend other acts in consequence thereof.

Bill read the first time.

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

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

PUBLIC PENSIONS REPORTING BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-255, to impose reporting requirements with respect to public pension plans and to amend certain acts in consequence thereof.

Bill read the first time.

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

Hon. Finlay MacDonald: Honourable senators, on behalf of Senator Brenda Robertson, who has been in Edmundston, New Brunswick, wrapping bandages, but who is expected later this afternoon, I move that this bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

[*Translation*]

YOUTH

COMMITTEE AUTHORIZED TO PUBLISH AND DISTRIBUTE REPORT DURING ADJOURNMENT

Hon. Jacques Hébert: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*e*) I move:

> That the Special Committee of the Senate on Youth be authorized to publish and distribute its report next week if the Senate is not sitting.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

• (1410)

QUESTION PERIOD

[*English*]

NEWFOUNDLAND

OCHRE PIT COVE, CONCEPTION BAY—REQUEST TO UNITED STATES FOR "THIRD WORLD" TREATMENT AND FINANCIAL AID

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, we realize that this is Senator Roblin's first appearance in the chamber since his visit to Africa, where he dealt with important questions of foreign aid on behalf of the Government of Canada. We are glad to see him back—

Hon. Senators: Hear, hear.

Senator MacEachen: —although I must say that his replacement performed extremely well; so the Leader of the Government may feel free to depart at any time secure in the knowledge that his duties will be ably discharged.

In order to ease the honourable gentleman into the domestic scene, I should like to ask him a question about foreign aid. In this case it is reported that the Conception Bay fishing community at Ochre Pit Cove, Newfoundland, has applied to the U.S. government for $1 million in foreign aid after requests to Ottawa for a wharf extension went unheeded.

The Newfoundland fishermen have become so frustrated that they have asked the United States government to classify them as a Third World municipality or province, and accordingly they have addressed a letter to Secretary Shultz asking for $1 million in foreign aid from the United States.

I want to know whether it is the intention of the Government of Canada to support this request from the Newfoundland fishing community.

Hon. Duff Roblin (Leader of the Government): Honourable senators, dealing with the first part of my honourable friend's remarks, I must confess that I thought I had better come back, because if my honourable friend to my right was left alone any longer I might find that I had no job left here. I am delighted to know that he fulfilled my expectations and, I suspect, the expectations of others.

Hon. Senators: Hear, hear!

Senator Roblin: I am not quite so sure that I recommend that anyone else take the trip that I recently took, because I found myself spending four nights in the air and seven days on the ground. That is not the most desirable combination of events.

Nevertheless, we come to Newfoundland. This is a free country, thank God, and any citizen is entitled to take whatever action he may desire within the ample four corners of the law. It appears to me that this incident, of which I am hearing for the first time, is one such application by a citizen or citizens of the country. I do not think that it has any bearing on the policy of the Canadian government.

Senator MacEachen: Would the honourable gentleman tell me whether the Canadian government would support this request?

Senator Roblin: I think the Canadian government would think that this private enterprise should be left in the hands of those who began it.

Senator MacEachen: Therefore, the Leader of the Government would have no objection if Secretary Shultz responded affirmatively and provided extraterritorial assistance in the form of $1 million to this Newfoundland community?

Senator Roblin: I have a better suggestion. If Secretary Shultz were to support the Government of Canada in its effort to secure markets for fish in his country, that would be a far more acceptable policy to me.

FISHERIES AND OCEANS

CANCELLATION OF FISHING VESSEL SUPPORT PROGRAM

Hon. Allan J. MacEachen (Leader of the Opposition): On the subject of fish, will the Honourable Leader of the Government tell me whether the removal of the vessel support program from the fishermen of Canada was the result of pressure or suggestions from the United States that this was an unacceptable form of subsidy to our Canadian fishermen?

Hon. Duff Roblin (Leader of the Government): My colleague, the Minister of Fisheries and Oceans, has already answered that question in the negative.

Senator MacEachen: Did he not say that it was a factor in his decision?

Senator Roblin: As far as I am concerned, he made it quite clear that he was not moved to his action by the American view on the subject.

REQUEST FOR ANSWERS

Hon. H. A. Olson: Honourable senators, I, too, wish to welcome the Leader of the Government back to the Senate chamber. I want to join with those who have indicated that the deputy leader handled all of our questions with good humour—

Senator Doody: That's right, but with no information.

Senator Olson: —with entertaining wit, on occasion, and at all times with courtesy, but he usually provided no information. In fact, *Hansard* will show that on one occasion he acknowledged that he was trying to talk without saying anything. Therefore, I wonder whether the leader could now answer some of the questions to which we have been awaiting answers.

When can the producers in southern Saskatchewan and Alberta expect to receive their payments under the drought assistance program?

Senator Fairbairn and I have expressed a great deal of interest in the announcement of a sugar policy at a time when it is not too late to get a crop seeded for the 1986 season. When can we expect such an announcement?

Finally, is the government contemplating any action to deal with the major oil and gas projects, whether they be drilling programs or more specific projects such as Syncrude or the Lloydminster upgrader?

Hon. Duff Roblin (Leader of the Government): I am glad that I did not stay away longer or my honourable friend might have still more questions to serialize at me, which is not really the most helpful attitude, as far as I am concerned, because then I have to remember what he said.

To begin with, the drought assistance payments on the prairies are being processed as expeditiously as is possible. My honourable friend knows that offices have been set up on the ground to deal with those and, insofar as the machinery of the bureaucracy can work, they will be churned out just as quickly as possible. I have no positive information to add to that. I am well aware that that answer will not satisfy my honourable friend, but that is all I can tell him at the moment.

With respect to sugar-beets, I am glad to see that my friend has not given up hope; neither have I. I think that he may expect to hear an announcement in very good time for the new crop year.

His third question had to do with what?

Senator Frith: Oil.

Senator Roblin: Yes, oil and gas. I think that the government would probably be well advised to watch the development of events in the oil pricing system, because nobody is quite wise enough to predict how that will come out. Some wise men are saying that prices may settle at around $20 U.S. per barrel. That may or may not be the case; it may be lower. I think we must wait and see how those matters develop and how they affect various projects seriatim. Then if circumstances indicate that government action should be taken, it will be given some consideration. However, I think it would be wrong for me to rush into that particular arena at the present time with any concrete statement of policy, because I think it would be premature.

Senator Frith: Rather an oily answer.

● (1420)

Senator Olson: I have a supplementary, honourable senators. Can the Leader of the Government be a little more specific as to the date that the producers can expect the cheques to be mailed under that $150 million assistance program? Surely you must have some target date. I know that the applications are out and there was some confusion about certain aspects of that program. I understand that there were offices set up to expedite this matter as rapidly as possible, but surely by this time, or even as recently as a week or two ago, there must have been some projected date set.

I do not wish to confuse the Leader of the Government, but the other part of my supplementary question related to oil and gas projects. There are a number of projects in Canada, and to be more specific the Lloydminster heavy oil upgrader, the expansion to the Syncrude plant at Fort McMurray and several others which are involved. Is it the government's intention merely to watch the situation, or do they have some program in mind?

The Premier of Alberta, I understand, is making some noises about going it alone on some of these projects if the federal government intends to withdraw, for example, or if they do not intend to change some of their policies so that the industry can justify their investment on the usual grounds that are used for making such investments.

Senator Roblin: I will try to give my honourable friend some satisfaction on the date of the payments, but I will need to make inquiries in order to do so.

On the oil question, I do not think I have anything further to add to my previous answer.

ENERGY

NATURAL GAS EXPORTS TO UNITED STATES—
REPRESENTATIONS BY ALBERTA AND BRITISH COLUMBIA

Hon. Jack Austin: Honourable senators, I would like to ask the Leader of the Government in the Senate a question concerning natural gas pricing.

Senator Doody: We missed you.

Senator Austin: It is wonderful to be missed by the senators on the government side. Perhaps you will miss me less in the weeks ahead.

With respect to natural gas pricing, as the Leader of the Government in the Senate will know, the government regulated price regime will come to an end this summer on approximately July 1. I wonder whether the Leader of the Government can tell us whether the government of the province of Alberta or the government of the province of British Columbia have made representations to the federal government with respect also to removing barriers to free sale and allowing market-negotiated pricing mechanisms relating to the export or removal to the United States of Canadian natural gas.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I cannot answer a question such as that because questions concerning negotiations between governments are not subject to answers at Question Period. When other governments are concerned, I can only answer as to what those provinces have done if I have their consent.

Senator Austin: As I understand it, if provincial governments make representations to the federal government, it is possible, in many cases, for the federal government to advise Parliament with respect to the nature of that business without, of course, disclosing the specific representations. I am not asking for details, but it is the case that natural gas pricing has now moved to the point where a free market regime on a continental basis is being contemplated by the federal government, and I am merely asking whether it is being urged to that position by those two provincial governments which represent over 90 per cent of gas production in Canada.

Senator Roblin: I think my honourable friend is correct in assuming that there are continued discussions between the two levels of government on the question of natural gas pricing. I do not think they have reached the point where a statement on policy can be made.

AGRICULTURE

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT—
GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, I, too, would like to welcome the Leader of the Government in the Senate back and to assure him that Senator Doody did his best to keep a finger on the shaky pulse rate of the sugar-beet industry of Canada in his absence.

I wonder if the Leader of the Government could be more specific about what he meant by his comment, "word would come in very good time for seeding for this crop year" in terms of word on the government's sugar-beet policy and, presumably, the 1983 stabilization payment. Given that the House of Commons is off next week, is there a possibility that we could have the news this week?

Hon. Duff Roblin (Leader of the Government): I am afraid that I am not able to give my honourable friend a specific answer. I can only assure her that the matter is right at the top of the agenda.

Senator Frith: A sugary answer this time!

Senator Doody: You need a new script writer.

DELAYED ANSWERS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have some delayed answers.

RAOUL WALLENBERG

RESOLUTION APPROVING CONFERRING OF HONORARY
CANADIAN CITIZENSHIP—NOTIFICATION OF U.S.S.R.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate on December 17 last and again on January 22 by the Honourable Leader of the Opposition respecting Raoul Wallenberg.

Hon. Allan J. MacEachen (Leader of the Opposition): Would the leader read it, please?

Senator Roblin: Certainly.

The Department of External Affairs advises that a meeting to notify the Soviet authorities of Mr. Wallenberg's new status as an honorary Canadian citizen took place on February 11, which is today. The Soviets were encouraged to be more forthcoming about Mr. Wallenberg's situation. Until such time as the Soviet Union satisfies the government's concerns, we shall continue to pursue this matter to ascertain the fate of this courageous honorary Canadian citizen. We await an official reply from the Soviets.

The Canadian government requested this meeting soon after Mr. Wallenberg was made an honorary Canadian citizen, but the Soviets requested the February date.

Senator MacEachen: Honourable senators, I have a supplementary question. Did the meeting take place in Canada or in the Soviet Union?

Senator Roblin: I am afraid that I do not know the answer to that question.

Senator MacEachen: Presumably, the leader does not know what took place in the conversation today, but I inform him that later my interest will centre on what transpired at that conversation, particularly as to whether or not the Soviet Union has acknowledged that Mr. Wallenberg is alive and whether or not they have told the Canadian officials where he is living and under what conditions he is living. The Honour-

able the Leader of the Government probably cannot tell me now, but I shall be back for more later.

Senator Roblin: Honourable senators, I can take a stab at it. The Soviet Union has maintained for these many years that this gentleman is no longer alive. I would be very surprised if, in the course of the meeting today, we learned that they had changed their view on the matter and had discovered him. There is, of course, a widespread feeling among some well-informed people that he is alive. The official position of the Soviet Union to date is that Mr. Wallenberg is not alive. However, I believe that the question was undoubtedly pursued at the meeting, and if there is any information I can get for my friend on that meeting, I will be glad to do so.

Senator MacEachen: Just on that point, it might be useful to the Soviets to know that the House of Commons of Canada and the Senate of Canada have asserted that Mr. Wallenberg is alive.

Senator Roblin: If our assertions bring him to life, I will be satisfied.

PENITENTIARIES

CANADA-ALBERTA AGREEMENT AND MEMORANDUM OF INTENT—EFFECT ON EMPLOYEES

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate on January 22 last by the Honourable Senator Hastings regarding Penitentiaries— Canada-Alberta Agreement and Memorandum of Intent—Effect on Employees.

(*The answer follows:*)

Approximately 70 employees of the Correctional Service of Canada will be affected as a result of the Correctional Service of Canada/Alberta Corrections Exchange of Service Agreement and those affected have been advised no employees will suffer loss of employment.

Priority placement via lateral transfer will be available to affected employees within the Correctional Service with any relocation costs absorbed by the Service. All remaining affected staff will be absorbed by Alberta Corrections. The Correctional Service of Canada will ensure no loss of salary or benefits as a result of transfer to the province.

The National Union of the Solicitor General Employees have been advised of the plan of action and assured that it would be fully involved in implementation planning.

The Grierson Centre is being taken over by the Province of Alberta and the Drumheller Trailer Units (referred to as Drumheller Minimum Institution by the Honourable Senator) are not affected by the Alberta Corrections Exchange of Service Agreement.

CANADA-ALBERTA AGREEMENT AND MEMORANDUM OF INTENT TABLED

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate on January 22 and again on January 30 by the Honourable Senator Hastings regarding penitentiaries and requesting the tabling of the Canada-Alberta Agreement and Memorandum of Intent. I am tabling that document today, with a copy for the honourable senator.

Document tabled.

STONEY MOUNTAIN—CONSTRUCTION OF DOGHOUSE

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate by Senator Hastings on January 23 regarding construction of a doghouse in the Stoney Mountain Penitentiary in the province of Manitoba. There is full information on that interesting topic.

Senator Frith: That is one cliffhanger out of the way.

(*The answer follows:*)

The new dog-handling facility referred to by the Honourable Senator Hastings replaces temporary kennels built many years ago to house patrol dogs and which had insufficient space for the dogs. The new facility provides more humane conditions for the two patrol dogs, which are used as a component of the perimeter security system, as well as a work station for the needs of the dog handler.

Power is supplied to illuminate the work station and to provide lighting during the evening shift when the dogs are taken on duty. Water is supplied to feed and clean the dogs.

The dog handling facility has been built at a total cost of $10,019. No fees have been paid for design, consulting or architectural work other than normal Public Works Canada costs since work has been handled by Public Works personnel according to existing practices. A standard design was used and construction was carried out by inmates under the supervision of Public Works and institutional vocational training staff.

REQUEST FOR ANSWERS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have been waiting for some time for answers to a number of questions which go back to 1985.

● (1430)

I remind the Leader of the Government that a very long and unjustified lapse of time has gone by without answers to these questions being forthcoming. One question was asked on November 27, 1985, and that related to whether the government had commissioned studies of the impact of free trade on employment, and in particular, of its impact on the agricultural industries and other industries. That question was taken as notice.

Another question asked was as to the items that would be placed on the bargaining table. That situation is still unclear, because the Secretary of State for External Affairs has now declared that agricultural marketing boards will not be on the bargaining table.

The Leader of the Government in the Senate will remember the testimony given by Mr. Kelleher before a Senate committee to the effect that there would be no exemptions except those mentioned by the Prime Minister in his statement to the House of Commons on the question of free trade. Since then, of course, Mr. Clark has exempted agricultural marketing boards. So, my question is still more urgent because of those additional points.

I asked the Leader of the Government in the Senate whether it was the view of Canada that in areas of shared jurisdiction the provinces would have a veto on items to go on the bargaining table. There is a series of questions on free trade that I should like to have answered.

There is also an outstanding question going back to December 4 last year with respect to the attitude of The Netherlands on nuclear weapons. I wanted to know what attitude Canada took at the NATO ministerial meeting where we were told The Netherlands was chastised because of its attitude on nuclear weapons. My question was: Did Canada come to the support of The Netherlands, or did it join in the chastisement which is reported to have occurred?

May I ask the Leader of the Government in the Senate to try to get answers to those questions at an early date.

Hon. Duff Roblin (Leader of the Government): I recognize my honourable friend's long experience in the technique of answering questions. So, I take what he has said about this matter very seriously. Indeed, I will try to get answers to some of these questions.

I think it must be recognized that there are some which touch on matters of policy, and it may not be appropriate to report on those at the present time. I will examine the questions again to make sure that the fullest information that can be given at the present time is given.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, while on the topic, and since the leader is back with us, I ask him to look at *Hansard* of last week. I asked for answers to a number of questions that had been taken as notice. The life has been sandbagged out of some of them, but there is a bit of life left in others. I wonder if the leader would look at those questions when he is attempting to obtain answers for the Leader of the Opposition.

Honourable senators, the difficulty with delays in answering questions is that the life tends to go out of the question. We are almost in the position of asking questions for, perhaps, undergraduate students, because by the time we receive answers, they will possibly be doing post-graduate work and the answers, to borrow a word used by the Leader of the Opposition, will be mostly archival.

Senator Roblin: I am interested to know my honourable friend has reached that point of view; he did not hold it some time ago.

Senator Frith: Oh, always!

Senator Roblin: He did hold it some time ago; well, good for him.

I will certainly ask my colleague who took the questions to advise me of the status of the situation.

DIVORCE ACT

BILL TO AMEND—THIRD READING

Hon. Nathan Nurgitz moved third reading of Bill C-46, to amend the Divorce Act.

Motion agreed to and bill read third time and passed.

DIVORCE BILL, 1985

THIRD READING

Hon. Nathan Nurgitz moved third reading of Bill C-47, respecting divorce and corollary relief.

Motion agreed to and bill read third time and passed.

FAMILY ORDERS AND AGREEMENTS ENFORCEMENT ASSISTANCE BILL

THIRD READING

Hon. Nathan Nurgitz moved third reading of Bill C-48, to provide for the release of information that may assist in locating defaulting spouses and other persons and to permit, for the enforcement of support orders and support provisions, the garnishment and attachment of certain moneys payable by Her Majesty in right of Canada.

Motion agreed to and bill read third time and passed.

INCOME TAX ACT AND RELATED STATUTES

BILL TO AMEND—THIRD READING

Hon. Finlay MacDonald moved third reading of Bill C-84, to amend the Income Tax Act and related statutes and to amend the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Financial Administration Act and the Petroleum and Gas Revenue Tax Act.

Hon. John M. Godfrey: Honourable senators, I should like to say a couple of words in respect of the excellent job Senator Murray has been doing as chairman of the Standing Senate Committee on Banking, Trade and Commerce—

Some Hon. Senators: Hear, hear.

Senator Godfrey: —and to draw attention to the fact that he is following in the illustrious footsteps of Senator Hayden. As most honourable senators will know, often in the past the Banking, Trade and Commerce Committee, instead of holding up and amending bills where there were clauses the committee took exception to, worked out an agreement with and received an undertaking from the minister that within a certain reasonable length of time the minister would undertake to amend the

bill to take care of the committee's objections. I want to congratulate Senator Murray for the effectiveness of his own negotiations with the Minister of Finance and getting the undertaking to amend certain provisions in the bill in his next budget, which is referred to in the report of the committee.

While I am on my feet, I should like to make a comment with respect to my advocacy for the outright abolition of the child tax exemption. I am extremely flattered at the suggestion of Senator Murray in his speech that what I said breaks new ground in Liberal policy. Alas, my fellow Liberals pay no more attention to me with respect to any new policy that I might advocate from time to time than does the Senate as a whole to my suggestions from time to time to improve the procedures and the effectiveness of this chamber.

Hon. Lowell Murray: Honourable senators, I thank the honourable senator for his comments. When I saw him rise on third reading, I immediately dove for my briefing notes in the expectation that I or the bill was about to come under attack. Imagine how agreeable my surprise, then, to hear his complimentary remarks about the Standing Senate Committee on Banking, Trade and Commerce where his participation is an extremely valuable asset to all of us.

• (1440)

Hon. Senators: Hear, hear.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I want to make the procedural point which I began to make a moment or so ago, and that is that the printed proceedings of the committee's study of this bill have been made available as requested last week. I am pleased that has happened, and I draw to the attention of, particularly, the Leader of the Government who was absent at that time, that I made particular reference to two other bills upon which I intended to take a similar stand, namely, the Representation bill and the Family Allowance bill. I did so at that time so that there would be advance warning; a possibility that the necessary preparations might exist; and that my insistence on having the printed proceedings at the time the bills might come forward should not be regarded as necessarily indicating any disagreement with the substance of the bills.

Hon. Duff Roblin (Leader of the Government): I am glad my honourable friend raised the point of order. Perhaps it would be appropriate to comment on it at the present time and to say that we should be well aware of what the consequences of it are. If the position is taken that third reading of a bill will not be dealt with until the printed committee proceedings are before honourable senators, then certain time elements will inevitably impose themselves.

In the House of Commons, for example, the best they are able to do, as a rule, is to have the printed proceedings available three days after the committee hearings. Our record is not quite so good since it takes us about six days.

Senator MacEachen: Oh, no.

Senator Frith: Two to six weeks, we were told.

[Senator Godfrey.]

Senator Roblin: It is a matter we can look into, but the Table has led me to think that a six-day period might be one that could be accommodated.

Senator Frith: A terrific improvement.

Senator Roblin: I hope that is so.

I should point out that in the other place what is required by rule is the committee's report. The proceedings before the committee are not required by the rule, although they are usually provided. I am not sure we have any rule which touches on the point.

It does raise the issue that if we do decide to do this on every piece of legislation, there will be an automatic delay of some kind—and I hope it will not be more than six days—before we can proceed from the committee report to the third reading stage of a bill.

I feel it would be worth while considering the element of priorities in respect of this matter, because, if there is a particular bill on which the printed committee proceedings are desired, that could be given priority rather than taking its place in the queue. There may be other bills which are not considered to have the same status and for third reading of which we would not be asking for the printed committee proceedings as a matter of principle but rather as a pragmatic matter.

I do not think this is the appropriate place for me to expand on the matter further. It could probably be considered by one of our committees, such as that chaired by Senator Molgat. He may think it would be useful to talk about this matter with his committee, or perhaps it could be discussed by some other group.

I simply address the point now that it has been raised. This is my first occasion to make reference to it. It will involve a time element, and we will have to give some consideration to that as we proceed.

Motion agreed to and bill read third time and passed.

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Tremblay, seconded by the Honourable Senator Murray, for the second reading of the Bill C-70, intituled: "An Act to amend the Family Allowances Act, 1973".—(*Honourable Senator Thériault*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the Whip tells me that Senator Thériault is not able to be here today, although it was expected that he would be.

Senator Roblin: He is in Edmundston!

Senator Frith: He might be celebrating; that is possible.

Senator Doody: He may be wrapping bandages, too.

Senator Frith: We had hoped that Senator Thériault would speak on this bill today, with Senator Gigantès following tomorrow. Senator Gigantès is prepared to speak tomorrow after Senator Thériault.

Senator Doody: Not today?

Senator Frith: No, not today. We will try to double up and, perhaps, both of them will speak tomorrow.

Senator Bonnell: Perhaps someone else wishes to speak today.

Senator Frith: As Senator Bonnell points out, anyone else who wishes to speak today may do so; otherwise, I would suggest that the order stand in Senator Thériault's name.

Order stands.

TORONTO HARBOUR COMMISSIONERS' BILL, 1985

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator MacDonald (*Halifax*), seconded by the Honourable Senator Murray, for the second reading of the Bill C-76, intituled: "An Act respecting the operation of the Toronto Island Airport by the Toronto Harbour Commissioners".— (*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, as I have explained in the Senate on other occasions, the lead speaker on this bill on our side was to be Senator Stollery. He was detained, and I was going to proceed with it. However, he is back and he will deal with this matter either today or tomorrow.

Senator Doody: Tomorrow.

Senator Frith: I would suggest, then, that the order stand in Senator Stollery's name.

Senator Doody: There is a lot of uneasiness in Newfoundland about this bill. They think you are stonewalling it!

Order stands.

[*Translation*]

OFFICIAL LANGUAGES POLICY AND PROGRAMS

CONSIDERATION OF FOURTH REPORT OF STANDING JOINT COMMITTEE—ORDER STANDS

On the order:

Consideration of the Fourth Report of the Standing Joint Committee on Official Languages Policy and Programs, presented in the Senate on 6th February, 1986.— (*Honourable Senator David*).

Hon. Paul David: Honourable senators, this report was to be reviewed by Senator Wood. She is now back and this item can therefore be deferred to a future sitting of the Senate.

Order stands.

[*English*]

INTERNATIONAL TERRORISM

MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Marshall:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues of current and likely future terrorist activity in Canada, directed at Canadians or using Canada as a base for extra-Canadian activities;

That the Committee make specific recommendations on the Government of Canada's policies with respect to terrorism; the protection of Canadians and Canadian federal and provincial government representatives abroad; the role of the media in reporting terrorist threats and incidents; the ability of conventional law enforcement organizations in Canada to deal with specific terrorist incidents; and the need for an anti-terrorist organization in Canada, its role and reporting relationship;

That eight Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;

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

That the Committee have power to adjourn from place to place within Canada;

That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and

That the Committee present its report no later than October 1, 1986.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have some grave reservations about this motion. I want to make a couple of things clear at the outset. One is that I am speaking for myself and not, either directly or impliedly, on behalf of my colleagues on this side.

The second point I want to make is what my reservations are not, so that then I can focus on what they are. I have no reservations about the importance of the subject; it is an extremely important one on which I have made some remarks on previous occasions, as have my colleagues. It is, clearly, the most serious political disease from which our planet suffers. If I can continue the metaphor, it ranks with a serious cancer on the body in terms of political life—and I use "political" in the small "p" sense—for all of us here, for all of us in Canada, and for our brothers and sisters around the world. I have no reservation about that. It is a most important and very serious question for every single person. One way or another, everyone is affected by international lawlessness and terrorism.

The next reservation I do not have is that the mover of the motion, Senator Kelly, is and has been for many years seriously concerned about this problem. His concern is very sincere and he has no ulterior motive by way of publicity, partisanship, or anything else. I repeat that his motives are entirely sincere and, considering who he is, that weighs heavily in favour of his motion. The reservation I have is in moving from those particular premises—if I can speak syllogistically, they are not major and minor premises but are both major premises—to the conclusion that the Senate of Canada can usefully make a contribution to the solution of this serious problem; that such contribution to the solution of the problem would justify the setting up of a committee.

● (1450)

My next reservation concerns the scope of the investigation or the mandate contained in the motion. Let us refer to that. It appears at page iii of the *Minutes of the Proceedings of the Senate* for Thursday, February 6. It says:

> That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues of current and likely future terrorist activity in Canada, directed at Canadians or using Canada as a base for extra-Canadian activities;

So from a geographic and subject-matter point of view, the mandate is very broad and could involve a lifetime's work. The next paragraph says:

> That the Committee make specific recommendations on the Government of Canada's policies with respect to terrorism;

If one thing is clear regarding any government's policy with respect to terrorism it is that it is against it. I do not believe that the question of policy really gives rise to any nuances for study. The motion continues:

> the protection of Canadians and Canadian federal and provincial government representatives abroad;

Because of the widespread effect—in fact, the universal impact of terrorism—it seems to me that it would mean, at least, studying each one of our embassies and getting evidence from all of our embassies—because the situation in each foreign post is different. It seems to me that there is no way that the committee could fulfil that part of its mandate without obtaining evidence from each of our foreign postings and, really, each of our representations abroad, be they diplomatic posts or otherwise. The motion continues:

> the role of the media in reporting terrorist threats and incidents;

That, it seems to me, is an interesting possibility. That would appear to be something that is manageable. It is at least more manageable than the other aspects of the mandate, and it seems to me to be an aspect of the question that has not been very carefully studied. The motion continues:

> the ability of conventional law enforcement organizations in Canada to deal with specific terrorist incidents;

I shall read the next sentence because it is connected:

[Senator Frith.]

> and the need for an anti-terrorist organization in Canada, its role and reporting relationship;

The difficulty I have with that part of the mandate is that those two subjects were studied by a Senate committee when the CSIS bill was referred to the Senate and we discussed the role of both the conventional law enforcement organizations and that of the CSIS; and the bill that was passed does provide for review proceedings as recommended by the Senate committee. Accordingly that system and that organization is comparatively new. Therefore, it seems to me that the Senate would be updating the work that was done by the committee on the CSIS. It seems to me that "the need for an anti-terrorist organization in Canada" is bad wording because there is already an anti-terrorist organization in Canada. But the mandate could include, I suppose, bringing the CSIS before the committee to give an account of itself in the year or two that it has been in existence. I question whether or not that is a worthwhile exercise. Perhaps it is. Perhaps other honourable senators may have different views.

The motion continues:

> That eight Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the Special Committee;

That, of course, is a normal provision. I should point out that we do have some problems manning the committees that already exist, and therefore I would not want to load that particular problem on to Senator Kelly. Anyone who moves for the setting up of a committee will encounter that problem. However, I believe it is worth while commenting in passing that Senator Phillips, Senator Petten and all of the committee chairmen already have some problems in getting their committees manned; and that would place an extra burden on Senator Kelly. However, that obviously is not a reason in itself to refuse to set up this committee.

The motion then says:

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

My only comment there is that we must consider the work that the committee will have to do in order to fulfil its mandate. When we are looking at a motion of this kind, I do not think it is reasonable to say, "Well, it is true that the mandate is very broad, but, of course, the committee does not have to do all of those things." I do not believe that is true. We must take seriously what we do when we set up a committee; and if the Senate says, "Go forward and study the problems and issues of current and likely future terrorist activity in Canada, directed at Canadians or using Canada as a base for extra-Canadian activities and to deal with the protection of Canadians, our diplomatic posts, the role of the media, the ability of conventional law enforcement, and the role of the CSIS," then it is the committee's duty to fulfil that mandate. So we can understand what the effect will be of such a broad mandate on the following paragraph:

That the Committee have power to report from time to time, to send for persons—

And that could be from all around the world:

—papers and records, and to print such papers and evidence from day to day as may be ordered by the Committee;

The next paragraph says:

That the Committee have power to adjourn from place to place within Canada;

It does not seek the power to sit outside of Canada. Can the committee fulfil such a broad mandate without leaving Canada? Is it not a corollary to the vast scope of the first part of the mandate that it would have to consider leaving Canada? Could it consider the subjects to which I have referred without at least getting evidence—and this is just one example—about the incidents that occurred in Vienna and Rome? If it did not go to Vienna and Rome, would it not have to bring people here from those cities? Those are just two recent examples.

An Hon. Senator: Or Libya.

Senator Frith: Or Libya. What would the approach be? Could the committee fulfil its mandate without considering the role of Colonel Khadafy?

The motion further says:

That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee;

Again, in order to fulfil such a broad mandate, it would have to have a substantial staff. It seems to me that it would be starting on an investigation at least with the same scope as the Macdonald commission, and, in order to do its job, it would have to have that kind of staff.

The committee chairman has said that he feels that the job could be done for a cost of approximately $175,000. I know that he comes to this place with a reputation for being a very sharp-eyed and skillful administrator—

Some Hon. Senators: Hear, hear.

Senator Frith: —and as one who has run successful enterprises where his word, I am sure, was taken very seriously—and I take it very seriously. I do not suggest that the figure of $175,000, or, indeed, the question of cost, should be the determining factor if the Senate decides that it wants to launch such a broad investigation. I agree with Senator Hicks on that. However, the fact that the chairman thinks that it can be done for $175,000 does make me wonder whether he has thought through seriously the many dimensions of the wording of his motion. The committee would present its report no later than October 1, 1986. With that sort of scope, I can only say, "Good luck" if the Senate should decide to authorize the appointment of a committee with such broad powers and scope of activity.

• (1500)

Honourable senators, those are the reasons why I have grave reservations about this motion. That is why I think that there is, essentially, a giant illogical leap from the seriousness and dimension of the problem to the scope of the mandate that should be given to a committee to solve that problem. There is a general problem, it seems to me, with a mandate that is simply much too broad. Perhaps there is room for the Senate to set up a committee to deal with some aspects of this terrible worldwide problem, but I do not think that that dimension is reflected in the wording of this motion. Unless that wording is changed, I will be voting against it.

On motion of Senator Nurgitz, debate adjourned.

RULES OF THE SENATE

MOTION TO AMEND RULE 77(7) TO PROHIBIT SMOKING AT COMMITTEE MEETINGS—MOTION IN AMENDMENT DEFEATED—DEBATE ON MAIN MOTION CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Cottreau:

That the rules of the Senate be amended by adding, immediately after rule 77(7), the following:

(8) Smoking is prohibited at all meetings of Senate Committees.— (*Honourable Senator Phillips*).

Hon. Orville H. Phillips: Honourable senators, since the Honourable Senator Frith delivered his epistle, I have had the opportunity to try to digest it. It has been very rough on the Rolaids, I must say. That epistle came at an unfortunate time for me. I was in the middle of my second attempt to terminate smoking. It constituted a really serious setback. I was down to about seven cigarettes a day, and on the Friday following his remarks I was once more up to a full pack.

Senator Bosa: You should read Ann Landers.

Senator Phillips: That would require a pack and a half a day.

Throughout his lengthy and tiresome remarks, one question screamed at us—the same question permeated every paragraph and enveloped the entire missive. That question, honourable senators, is a basic and simple one: Why did the honourable senator take so long to say so little?

Senator Frith: Carry on and illustrate the point.

Senator Phillips: I listened to Senator Bosa on Thursday as he closed out the debate from last year's non-smoking week and I came to the conclusion that either they both had the same speech writer or Senator Bosa wrote both speeches. I say that because, in all fairness to Senator Frith—and I do like to be fair to him—he is not normally that bad.

I have had the opportunity to examine his research authorities again. I really was not impressed. There were no Nobel Laureates among them—no Nobel prizes are given for that sort of research. It is what we, as students, used to refer to as "ginger-ale" research. That, for the benefit of those honourable senators who are not familiar with the expression, relates to a story about a research scientist who drank rye and

ginger-ale on Friday night, scotch and ginger-ale on Saturday night and gin and ginger-ale on Sunday night. He found the same results on each occasion—he became intoxicated and had a hangover. Monday morning he decided to determine what caused the intoxication and the hangover. He came to the conclusion that it was the ginger-ale because it was the only element present on all three occasions.

Shortly after I graduated, I attended a dental convention. It was held on a beautiful sunny August afternoon, but we were closeted in a dark, poorly air-conditioned room. Possibly some people were smoking on that occasion. A specialist on cancer of the head and neck lectured to us. He was showing us slides. Two of them dealt with cancer of the hard palate, and he suggested that perhaps tea and coffee were the carcinogenic agents involved in that type of cancer. I had difficulty following the rest of the lecture from there on in. In my practice, I looked at thousands of hard palates. I found two cases of cancer of the hard palate, one male, one female, both non-smokers. The female said that she drank very little coffee and no tea. The male really destroyed the theory that tea and coffee were the carcinogenic agents by saying that he had not been drinking anything except beer and water from the time he joined the Canadian army in 1940. I thought that possibly beer was the carcinogenic agent. Then I subtracted 40 from 76, which gave 36 years of relative happiness, and I decided that it was not worth while following that study.

Cancer of the tongue is a relatively rare condition, fortunately. As a young lad, I knew of an unfortunate lady in P.E.I. who had to go through the unpleasant surgery for cancer of the tongue. This consists of removing at least half of the tongue, half of the mandible or jaw, the parotid gland, the sublingual saliva gland as well as the lymphatic system of the head and neck. She was rather unusual in that, as a Prince Edward Islander, she did not eat potatoes—she was afraid of getting fat. Following the surgery, there is, naturally, difficulty in eating. She found that one of the few things she could eat was mashed potatoes soaked in milk. The lady survived the surgery and lived to be 92, giving full credit to Prince Edward Island potatoes for having cured her cancer.

I mention that case because there are all sorts of theories as to the cause of cancer and all sorts of cures are put forward.

Senator Frith: I have no objection to your eating potatoes in committee meetings, Senator Phillips.

Senator Phillips: That is not a bad idea. So far I have only found baloney sandwiches there.

Cancer gets somewhat the same publicity as does arthritis—100 causes and 500 cures are put forward for that disease, and none of them seems to solve the problem. Senator Frith seems to be worried that Senator McElman's pipe, or something of that nature, will cause his early demise. I would like to take a moment to point out to him that the two areas in the world in which people live the longest are the Ural mountains and the Andes. The natives in these areas begin smoking at about seven or eight years of age. It is not uncommon for them to reach the age of 120. When this fact was brought out, naturally someone had to do research to find out why these people lived so much longer. They looked at their diet. In both areas, the natives eat copious quantities of potatoes, but it is unbelievable what the natives of the Andes do to these potatoes. They dig a pit in the ground and store their potatoes in there. They stomp on them, jump on them, mutilate them, let them freeze, let them thaw and then eat them.

[Senator Phillips.]

• (1510)

Senator Frith: They probably also take them out and smoke them.

Senator Phillips: But they still prefer tobacco, Senator Frith. A scientist took a look at this situation and decided that it could not be the potatoes, because these potatoes that had been multilated are full of carcinogenic agents. The potato itself, until it is trampled upon, stomped upon, et cetera, does not contain carcinogenic agents. However, once put through the Andes mountain treatment, it does contain carcinogenic agents.

A few years ago, the CBC made a documentary that I recall seeing. It showed a native of the Andes, 122 years old, starting off with his son in the morning—the son being a mere youth of 98—going up the hill to work the potato patch. There were three things wrong with that documentary, honourable senators. For one thing, you do not plant potatoes on the slope with the rows running vertically. That causes soil erosion; secondly, you do not start smoking at seven or eight years of age and live to be 120, and you do not eat carcinogenic agents and live to be 120. Had the film not been shown on CBC, honourable senators, I would have had difficulty believing it.

Senator Frith referred to a Japanese survey on women whose husbands smoked. I would like to refer him to another Japanese study which showed that Japanese women who ate large quantities of carrots had a lower rate of cancer than those who did not eat carrots. Therefore it was assumed that there was something in carrots that counteracted cancer. Unfortunately, a similar study done in North America failed to achieve the same results. To ease Senator Frith's concern about an early demise, I would like to offer him a bit of friendly advice. That is: Eat Prince Edward Island potatoes and Japanese carrots, and you can relax and enjoy a long life.

Senator Frith: Also, don't marry a Japanese man who smokes! That is very helpful advice.

Senator Phillips: One aspect of American health statistics that is rather interesting is that it has been found that respiratory diseases such as asthma, bronchitis, emphysema and lung cancer are increasing among American women more rapidly than among American men. This applies to both smokers and non-smokers. Some people are now beginning to ask if this is due to the environment or to changes in habits. More American homes are now air-conditioned, and people are living in air-conditioned environments 24 hours a day. Also, more women are now in the workplace which was traditionally occupied by men. More women are in factories, automobile plants, mines, and so on, holding down jobs previously occupied solely by men. More women are working for a longer

period in their lifetime. They travel back and forth to work in air-conditioned cars on congested asphalt roadways. Perhaps 20 years from now scientists will be listing these factors as causes of the increase in respiratory diseases.

I notice that Senator Frith did not include any of these aspects in his motion. He seems to still enjoy driving his automobile. Not too long ago, we heard him sponsoring a motion requesting that the engines of automobiles be turned off outside the building. If he is worried about the stone outside the building, I suggest he should consider what the exhaust fumes are doing to his lungs.

I do not think anyone can argue that there is evidence that smoking does harm to the human body, and in particular to the respiratory tract. However, certain types of smoking are not apparently as harmful as others. I noticed an advertisement from the Equitable Life Insurance Company advertising a special rate for non-smokers. Lower premium rates were available if you had not smoked for a year, or if you smoked only a pipe or cigars. I assume that actuarial people in life insurance companies have studied various documents to arrive at their formulae, since actuaries normally do not set the rates by the flip of a coin. They usually have a very good basis for deciding a certain rate.

On smoking in committees, I am personally willing to give it up, but I think there should be certain irritants removed from the committee proceedings that cause one to want to smoke a cigarette, a pipe or a cigar. I am thinking of Senator Frith's attitude in committee where he takes 10 minutes to explain why he wants to ask a question, 15 minutes to ask the question and 25 minutes to answer the question that he has already asked. He insists on asking his questions and answering them, and by this time we have used up 50 minutes of an hour-and-a-half or two-hour meeting. I find, honourable senators, that after I have endured this, I really am craving a return to the pipe and I look at Senator McElman's pipe with great envy. Perhaps if we removed a few irritants of that nature, then smoking would not be as much of a problem as it is. I was about to suggest, honourable senators, that after the first hour, if Senator Frith is still continuing to ask questions, the chairman could perhaps hand out Rothman's cigars and we could relax and possibly enjoy the proceedings. That suggestion was made in the spirit of compromise. I have tried to compromise with Senator Frith before. It is rather like dealing with Gorbachev. It is a lengthy, continuing process and I do not see my hope of a compromise being reached.

Therefore, in amendment, honourable senators, I move, seconded by the Honourable Senator Kelly:

> That the motion be not now adopted but that it be amended by adding, immediately after the word "committees", the words "during the first hour".

• (1520)

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

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

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "nays" have it. I declare the motion in amendment defeated.

Senator Nurgitz: It was close.

Senator Doody: Could we have a recount?

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, no doubt Senator Phillips will be proposed for a Nobel Prize for his careful research. We should forward his speech to Stockholm to see that he is properly rewarded.

The Hon. the Acting Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate.

Senator Phillips: He just spoke!

Senator Frith: I just spoke to the amendment.

Motion in amendment negatived, on division.

Hon. Charles McElman: Honourable senators, before I move the adjournment of the debate, may I pose a question to the Honourable Senator Phillips? I was entranced by his relation of what happens in the Urals and the longevity of people who eat potatoes, as well as his reference to P.E.I. potatoes, which I enjoy almost as much as New Brunswick potatoes. Did the honourable senator forget to advise the house that it was common practice in Prince Edward Island, as in the Urals, to have a potato stomping, and that in P.E.I. stomped potatoes result in an elixir that is called "potato champagne?" There are those who circulate the story, myth or whatever, that this elixir is quite capable of eliminating all bacteria, viruses and other harmful things. Perhaps the honourable senator might be able to suggest that potato champagne is the answer for those who fear lung cancer.

Senator Macquarrie: Explain the "other things."

Senator McElman: Heath, I forgot you were in the house.

Hon. John M. Godfrey: Honourable senators, I am a little bit confused. I thought that Senator Frith made a couple of comments which closed the debate. Then Senator McElman got up and adjourned the debate.

The Hon. the Acting Speaker: Senator McElman was in the process of adjourning the debate by way of asking a short question.

Senator McElman: Senator Frith could not have closed the debate, as suggested by my colleague, because the traditional warning had not been given by the Chair. So anything that Senator Frith may have said up to that point really has no bearing on the closing of the debate.

Senator Frith: Honourable senators, I think that Senator McElman is quite right.

Senator Phillips: Honourable senators, I was asked a question by Honourable Senator McElman. I am not aware of the potato stomping practice on Prince Edward Island. I have never participated in it, but I shall inquire about it. I always had the idea that the champagne came from fiddleheads and that, therefore, it was only available in the spring of the year.

On motion of Senator McElman, debate adjourned.

THE SENATE

MOTION TO AUTHORIZE BROADCASTING OF PROCEEDINGS—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Davey, seconded by the Honourable Senator Frith:

That the Senate authorize arrangements for radio and television broadcasting of its proceedings and those of its committees.

And on the motion in amendment thereto of the Honourable Senator Phillips, seconded by the Honourable Senator Doody, that the motion be not now adopted, but that the subject-matter thereof be referred to the Standing Committee on Internal Economy, Budgets and Administration.— (*Honourable Senator Marshall*)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, with regard to this order, are we experiencing a sand-bagging or are we going to hear something from Senator Marshall on the matter? It has been on the order paper for quite a while.

Hon. Jack Marshall: Honourable senators, it has not been on the order paper any longer than many others, but I will be ready the moment we return from our week's recess.

Senator Doody: That is an optimistic comment.

Senator Phillips: If we get one.

Senator Marshall: Then, if not, I shall speak to it next Friday.

Senator Frith: Or Sunday.

Order stands.

THE HONOURABLE RICHARD B. HATFIELD

FIFTEENTH ANNIVERSARY OF BECOMING PREMIER OF NEW BRUNSWICK—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Simard calling the attention of the Senate to the Honourable Richard B. Hatfield's Fifteenth Anniversary as Premier of New Brunswick.—(*Honourable Senator Corbin*).

[Senator McElman.]

Hon. Eymard G. Corbin: Honourable senators, before I resume my remarks on Order No. 13, I would observe for Senator Phillips' benefit that an addiction of any kind is bad and that a reasonable blend of New Brunswick and Prince Edward Island potatoes would counter the propensity to eat only Prince Edward Island spuds. Otherwise, if one is not careful, one could have red sprouts coming out one's ears. I highly recommend a blend of New Brunswick and P.E.I. potatoes. Certainly it would be to the benefit of the two provinces.

Earlier this afternoon, Senator Finlay MacDonald said that Senator Robertson had gone to Edmunston, New Brunswick, to wrap some bandages, soothe some wounds, wipe some tears or something to that effect. I met Senator Robertson early this morning in the Victoria Building. She smiled at me, but, frankly speaking, I had no idea at the time that the haemorrhage was so bad. For all we know, the patient may be in the throes of death by the time she reaches Edmunston.

Senator Leblanc: There she is.

Some Hon. Senators: Oh, oh!

Senator Robertson: Now is not the time to get on my back.

Senator Corbin: I was going to say that she may even be attending a wake by the time she gets there, but I see she is back with us. I must conclude that the post-mortem has been completed and the patient pronounced dead.

Senator Phillips: You do not do a post-mortem unless the patient *is* dead.

Senator Corbin: Honourable senators, I would like to conclude my speech of December 5, 1985, on the inquiry of the Honourable Senator Simard calling our attention to the Honourable Richard B. Hatfield's fifteenth anniversary as Premier of New Brunswick. Yesterday the people of the provincial riding of Edmunston, which is in my beautiful, former riding of Madawaska-Victoria, New Brunswick, went to the polls. They were blessed with glorious weather and they were favoured by advance public opinion polls. The results of the election are as follows: the NDP candidate was sprinkled with 276 votes; the PC candidate was favoured with 2,048 votes; and Mr. Roland Beaulieu, the Liberal Party candidate, was swept in with the largest single majority since the establishment of the Edmunston riding with a strong 3,849 votes. He won all 36 polls on election day. The Progressive Conservatives bagged the absentee and advance polls, a fact, some would say, which could have been significant last week, but with hindsight the entrails of the chicken did not bear evil tidings for the Liberals. Seventy-eight per cent of the electorate voted which, admittedly, is not as high a participation rate as we are accustomed to in Edmunston. Must I conclude that some Tory supporters stayed home? That, I suggest, is a plausible explanation for the relatively low participation rate. Mr. Beaulieu's majority was 1,801 overall. That is a great victory for the Liberal Party and its leader, Frank McKenna. The rest is history.

• (1530)

[*Translation*]

Honourable Eymard G. Corbin: Today, Mr. Hatfield is reported to be wondering with the poet: "Que reste-t-il de nos amours?".

[*English*]

That, honourable senators, concludes my remarks on the 15th anniversary of the accession of Richard B. Hatfield to the Premiership of New Brunswick; *vox populi, vox dei*, amen.

Some Hon. Senators: Hear, hear.

The Hon. the Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

Hon. Charles McElman: In deference to Senator Simard, I think the reference should be kept open until his return. If he wishes to speak, fine; if he does not, that is fine also. So, out of deference to him, I move the adjournment of the debate. I will be pleased to yield to him on his return.

On motion of Senator McElman, debate adjourned.

RIGHTS AND FREEDOMS

CANADIAN FORCES—SPOUSES OF MEMBERS—MOTION IN AMENDMENT—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Marsden, seconded by the Honourable Senator Stewart (*Antigonish- Guysborough*):

That the Senate do urge the Government of Canada to permit freedom of assembly and speech, and such other freedoms guaranteed to all other Canadian citizens, for spouses of members of the Canadian Armed Forces.

And on the motion in amendment thereto of the Honourable Senator Frith, seconded by the Honourable Senator Fairbairn, that the motion be not now adopted, but that it be amended by deleting the period after the word "Forces" and adding the words "and to amend or repeal all relevant regulations and orders accordingly.".—(*Honourable Senator Flynn, P.C.*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we should like to have this matter voted on as soon as possible. We hope that the amendment will carry and that the motion itself will be referred to committee for study.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I agree with Senator Frith. This was discussed on several occasions. Senator Flynn has expressed more than an ordinary interest in this particular order. My understanding is that he is due in Ottawa today, so I presume he will be here tomorrow. Perhaps he can deal with the matter himself at that time.

Order stands.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-FIFTH MEETING—REPORT OF CANADIAN DELEGATION—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Stanbury calling the attention of the Senate to the Twenty-fifth Meeting of the Canada-United States Inter-Parliamentary Group, held at Dorado, Puerto Rico, from 8th to 12th March, 1984, and to the Report of the said Meeting.—(*Honourable Senator MacEachen, P.C.*).

Hon. Jack Marshall: Since Senator Frith was watching my motion very closely as to the length of time involved—it has only been a couple of weeks—I wonder if he would inquire about Order No. 21, which was first posted on March 12, 1984.

Senator Hicks: That is not right; it was November 29, 1984.

Hon. Royce Frith (Deputy Leader of the Opposition): I shall make inquiries.

Order stands.

DIVORCE
FAMILY ORDERS ENFORCEMENT ASSISTANCE

INQUIRIES ON REPORTS OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON SUBJECT MATTER OF BILL C-47 and BILL C-48 WITHDRAWN

Hon. William J. Petten: Honourable senators, I understand from Senator Neiman that she would like to withdraw these inquiries, if honourable senators agree.

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

Hon. Senators: Agreed.

Inquiries withdrawn.

RULES OF THE SENATE

MOTION TO AMEND RULE 67(1)—DEBATE ADJOURNED

Hon. Gildas L. Molgat, pursuant to notice of Wednesday, January 29, 1986, moved:

That rule 67(1) of the rules of the Senate be amended by striking out paragraph (*n*) and substituting the following:

(*n.1*) The Senate Committee on Agriculture and Forestry, composed of twelve members, four of whom shall constitute a quorum, to which shall be referred, on order of the Senate, bills, messages, petitions, inquiries, papers and other matters relating to agriculture and forestry generally, and the Canadian Wheat Board.; and

That the following new paragraph be added immediately after paragraph (*n*):

(*n.1*) The Senate Committee on Fisheries, composed of twelve members, four of whom shall constitute a

quorum, to which shall be referred, on order of the Senate, bills, messages, petitions, inquiries, papers and other matters relating to fisheries generally.

He said: Honourable senators, may I say at the outset that this matter has not been discussed by the Rules Committee, and that I am not presenting this motion in my capacity as chairman of that committee. I am putting this motion forward on my own behalf.

The reason I am putting it forward is in no way because of dissatisfaction with the present chairman of the committee. The problem is that that committee simply has too much work to do, and the subject matters are simply too important to try to bulk all of them into the one committee.

At present, all matters dealing with agriculture, fisheries and forestry are dealt with by that one committee. It is true that in today's Canada these are not the greatest employers of Canadians, but they are still the most important Canadian industries from the standpoint of our export trade. The biggest single source of exports in Canada currently is forestry. Agriculture remains one of our great dollar earners outside of the country. The fisheries, as honourable senators know, is a particularly important one from a regional standpoint. It is discussed very frequently in this house, and I think that those particular spheres of Canadian activity require more attention on the part of the Senate than what we give to them now.

Let us take, for example, what is taking place now in the committee. The committee is well into an inquiry into the marketing of fish in Canada. We started with a very small segment of the fisheries industry, the freshwater fish industry, the smallest of the three elements, and we are finding as we proceed that it is taking much more time and it is much more complicated than we had anticipated at the beginning. It is not that the committee is not working—in fact, the committee worked during the parliamentary recess last fall. At that time, the committee held meetings in western Canada and in northern Canada. It has met regularly since then. The fact of the matter is that the subject matter is sufficiently complex that it requires all the time and the effort that the committee is putting into it. That means that other demands, whether they be concerned with forestry or agriculture, cannot be dealt with adequately by the committee.

We know that in the field of agriculture there are extremely serious problems. The situation today is as serious as it was back in the 1930s. The crisis of the 1930s is being duplicated now, and we are dealing with the basic element of feeding ourselves. So, I think we have to devote more time to those matters.

I can point out as well that in the House of Commons there are 39 ministers in the cabinet, and that four of those ministers deal with the very subjects that this one committee of the Senate deals with. There is a Minister of Agriculture, and a Minister of State (Canadian Wheat Board), two ministers dealing with agricultural matters. In addition, there is a Minister of Fisheries and Oceans, and a Minister of State for Forestry. Ten per cent of the cabinet is devoted to responsibilities dealing with what we deal with here in one committee.

• (1540)

I submit, if we are to do justice to these very important fields, we should separate the committee. That is the purpose of this resolution. I know the argument is going to be made that there are insufficient numbers of senators to staff these committees. I recognize that this may mean we would have to change some of our sitting hours and spend more time in committee, but I think the importance of the subject warrants our doing so.

Hon. Senators: Hear, hear.

On motion of Senator Marshall, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, February 12, 1986

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

Prayers

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-SECOND TO TWENTY-FOURTH REPORTS OF COMMITTEE TABLED

The Hon. the Speaker, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's twenty-second, twenty-third and twenty-fourth reports approving budgets of the following committees:

Energy and Natural Resources;

National Finance;

Youth

(*For text of reports see today's* Minutes of the Proceedings of the Senate.)

VISITORS IN GALLERY

Hon. Gildas L. Molgat: Honourable senators, before Question Period is called, I wonder if I could have the attention of the Senate for a moment to introduce six young Manitobans who are in the gallery today. They are the first group of parliamentary interns in the Manitoba Legislative Assembly. They are visiting Ottawa for a week, and they are accompanied by the Clerk of the Legislative Assembly of Manitoba, Mr. Binx Remnant.

Hon. Duff Roblin (Leader of the Government): Honourable senators, perhaps the Senate will allow me to join with my colleague, Senator Molgat, in expressing our interest and acknowledging this delegation of parliamentary interns from my own province of Manitoba.

We are pleased to see them here because, as they know very well, there is nothing like the Senate in our province—indeed, there is nothing like the Senate in any other province of Canada; it is a unique institution. I hope that during the course of their visit they will be able to inform themselves as to the way in which this particular parliamentary institution fits into the grand scheme of Parliament in the Canadian federation, and perhaps form some appreciation of the valuable role that it fills.

Hon. Senators: Hear, hear.

Senator MacDonald: The Manitoba campaign has begun!

QUESTION PERIOD

[*English*]

THE ECONOMY

VALUE OF CANADIAN DOLLAR—TIMING AND EXTENT OF MARKET INTERVENTION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, the Leader of the Government will have noticed that last week I asked some questions of the deputy leader with respect to the massive borrowings of the Government of Canada to replenish its international reserves and also with respect to the market intervention undertaken by the Bank of Canada. I anticipate that those questions will be answered in due course—I hope very soon.

What I want to ask today is whether the Leader of the Government can throw any light on a matter that has been puzzling me, namely, why the Minister of Finance and the Governor of the Bank of Canada waited so long in order to take action to support the Canadian dollar. The dollar, as we know, had been slipping for some days, and indeed it had gone through the 70-cent mark; and at that point the government acted. My question is: Why had not some firm but gentle response been made in the market earlier so that the very costly intervention which took place might have at least been reduced somewhat, if not avoided?

Some Hon. Senators: Hear, hear.

Senator MacEachen: I am asking: Why was it too much too late?

Some Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): Honourable senators, of course, I will advise my honourable friend that the questions he asked the other day have been taken note of by my colleague and answers will be forthcoming in due course. I would hesitate to trespass on the thin ice of financial policy when talking to my friend, because he has had a good deal of experience in that field. However, it would not be inappropriate for me to say that the question of the movement of the Canadian dollar is something that one cannot foresee. One can observe what it does, and one can look at trends. One then has to make up one's mind as to how far those trends can be allowed to move without bringing to bear the full force of the government and the bank in respect of the matter. For some time the bank was trying by its regular methods to moderate

the changes in the price of the dollar, but when these methods proved to be inadequate, other methods were employed; and I am very pleased to say that they were extremely successful.

Senator MacEachen: Honourable senators, I wish to follow up on the point made by the Leader of the Government that for some time the Bank of Canada had been attempting to moderate the effect on the dollar. Is it true that for, say, four or five days the bank had intervened prior to the massive intervention of last week? Can he confirm that the management of the bank had been active in the foreign exchange market in support of the Canadian dollar?

Senator Roblin: I have no information on the activities of the governor of the bank. My impression is that when he was asked similar questions in the House of Commons committee the other day, he declined to elaborate on the situation. But I do know that the Minister of Finance made a number of statements in the course of the last few weeks that were intended to strengthen the Canadian dollar.

Senator MacEachen: Of course, the Leader of the Government is repeating what we might say are obvious simplicities or obvious facts that we know. What I want to know is why did the government and the governor of the bank wait so long to intervene? The Leader of the Government said, "Oh, they have been intervening all along." Then, when I ask him to confirm that, he says that he cannot talk about it.

What kind of clarity exists on this point? I think it is very important to know. Was there a reason for the delayed action or, indeed, was it delayed action? Last Thursday there was a very hefty increase in the Bank of Canada interest rate. We have a rate that is considerably higher than the rate in the United States, and some very competent people are saying that the government and the Bank of Canada acted too late, and that because they acted too late they are now paying the price in much higher interest rates than would otherwise have prevailed. I think it is fair to ask the government to throw some light on this action and on this puzzle. I must say that I am not satisfied with the refusal of the minister to say anything that is intelligible.

• (1410)

Senator Roblin: Honourable senators, I congratulate my honourable friend on his excellent exercise in second guessing and second sight. If we were as smart as all that, we would have very few problems in managing the finances of the country. I point out to him that the Governor of the Bank of Canada is subject to the orders of the government only if they are delivered to him in writing. I am not aware of any written instructions that were delivered to the governor of the bank in writing. The question to which my honourable friend wants an answer is, "Why did the Governor of the Bank of Canada act in the way he did?" I suggest that he ask him. If my honourable friend wishes to pursue this matter, the Banking, Trade and Commerce Committee or another suitable committee of this house could invite the Governor of the Bank of Canada to appear before it. It has happened before in the House of Commons. Then, my honourable friend could address his questions to the man who was actually on the scene of the action.

Senator MacEachen: Honourable senators, perhaps we could invite the Governor of the Bank of Canada to appear on the floor of this chamber to answer questions, in view of the refusal of the minister to answer questions on behalf of the Government of Canada and the Minister of Finance. Maybe we should ask the governor to come in, take a seat next to Senator Roblin and answer questions which it is the duty of Senator Roblin to answer, not the governor of the bank.

Senator Roblin: Honourable senators, it is not the duty of Senator Roblin to answer for the Governor of the Bank of Canada. He is an officer independent of Parliament and of the legislatures of this country. He is not subject to my orders or my instructions in any way whatsoever, unless the Minister of Finance sends him an order in writing, and we all know what would happen if that took place. It would be very unfortunate. There is no reason why the Governor of the Bank of Canada cannot be questioned by honourable senators. It has been done before. I myself have done it. We have done it in committees of this chamber which every member of this chamber is entitled to attend, take part in and ask questions. If my honourable friend wants to pursue that course, I invite him to do so.

Senator MacEachen: Honourable senators, why can the Leader of the Government not answer questions on behalf of the government with respect to the financial policy of the government?

Senator Roblin: Well, if my honourable friend wants to frame his question in a specific form that does not involve making me responsible for the Governor of the Bank of Canada, I will do my best to get him answers from those qualified to provide them.

Senator MacEachen: I have asked several questions, and if the minister has not caught the gist of the questions, may I repeat: Why did the Minister of Finance and the Governor of the Bank of Canada wait so long before they took action to support the Canadian dollar?

Senator Roblin: Honourable senators, I shall endeavour to obtain the answer as far as the Minister of Finance is concerned, but I recommend to my honourable friend the other route with respect to the Governor of the Bank of Canada.

Senator MacEachen: Honourable senators, I do not accept the interpretation, nor would any other legislature, of the Leader of the Government that the Minister of Finance does not answer for the governor of the bank. Obviously, he knows that there has to be compatibility between the governor of the bank and the Minister of Finance in the exercise of exchange policy and financial policy. Therefore, the minister is duty bound to answer and explain the actions of the governor until, at a certain point, he is in such disagreement that he wants to send him a directive. Since that has not happened, why cannot the Leader of the Government in the Senate explain the actions of the Governor of the Bank of Canada on behalf of his

colleague, who, apparently, is in total agreement with the actions?

Senator Roblin: I will have great pleasure in referring this specific question that my friend has just asked to the Minister of Finance to see what answer he gives me. However, my honourable friend understands perfectly well, I think, that as I do not hold that portfolio, I am not in a position to give an authoritative answer on my feet and on the spur of the moment.

INCREASE IN INTEREST RATE

Hon. H. A. Olson: I have a supplementary question, honourable senators. Surely the Leader of the Government accepts the responsibility to answer in this chamber for the whole government, including the Minister of Finance.

Senator Flynn: No.

Senator Olson: He does not? I might say that Senator Flynn has learned a lot of things in the last short while, because when he sat on this side of the chamber, he expected the senators occupying the front bench on that side of the chamber to answer every time. However, we can disregard Senator Flynn since he has a different view from day to day.

I would like to ask the Leader of the Government whether or not he is aware of the consequences of what has happened. As a result of what Senator MacEachen was talking about, Canadian business is now paying somewhere around 4 percentage points more in interest charges than the rate charged for similar loans in the United States, now that our prime rate in Canada has gone up to 12.5 per cent. Does this government expect Canadian business to compete on that basis?

Hon. Duff Roblin (Leader of the Government): My honourable friend knows perfectly well that there is a very close trade-off between interest rates and the price of the Canadian dollar. When one affects the other, you must expect those consequences to follow. That is just as clear as day follows night. When my honourable friend was on this side of the chamber, he was giving those answers very effectively.

Senator Olson: No, your honourable friend was not giving those kinds of answers. Nevertheless, I would not want Senator Roblin to expect Canadian business to rely on what the failings of the previous government or the Leader of the Government in the Senate may have been. I want to know now what they can expect from this government. The fact is that the delay in the action taken by the Governor of the Bank of Canada and the Minister of Finance, in other words the decision to intervene in the market, has, in fact, moved the interest rate up approximately 2.5 percentage points from 10 to 12.5 per cent. I would also like to point out that it has not moved up that much in the United States during that same time, so that the spread has widened substantially and thereby changed the competitive position between Canada and the United States. I would like to ask whether that is acceptable to the government.

Senator Roblin: No, it is not acceptable to the government any more than it was acceptable to this party when interest rates, under the direction of my honourable friend, were 15, 16 and even as high as 21 per cent. We remember it all very well, and we are quite pleased that during our term of office, so far, interest rates have come down as markedly as they have done. I think that has been a satisfactory outcome as far as Canadian business and the Canadian economy is concerned.

However, if my honourable friend is asking me if I think interest rates are too high, of course I think they are too high. Furthermore, I think that having stabilized the dollar as we have and reinforced our position, I look forward in the relatively near future to interest rates in Canada declining somewhat, thereby reducing that gap between Canadian and American interest rates of which my honourable friend speaks. However, I must say that when I consider the record of this administration in respect of interest rates, I feel very pleased and I have nothing to apologize for.

Senator Olson: Honourable senators, I will then report to the people who have made inquiries of me that the government is satisfied with their performance and that Canadian business being compelled to pay anywhere from 60 to 70 per cent higher interest rates in Canada vis-à-vis the United States is satisfactory to this government. That is what my honourable friend has said.

Senator Roblin: Honourable senators, that is not what I said. When my honourable friend asked me the direct question, did I think interest rates were too high, I said yes. Why does my honourable friend not admit that?

Senator Olson: I asked my honourable friend if the spread was satisfactory to this government, a spread which has widened very dramatically in the last ten days.

• (1420)

Senator Roblin: No, it is not satisfactory, and we are going to do our best to get it down.

ENERGY

OIL PRICING

Hon. H. A. Olson: Honourable senators, I would like to get some information from the Leader of the Government today, since I have already been trying to do so for two weeks. The March spot price for crude oil is now down to under $16.

Does the government feel that it is down far enough now so that they need to indicate some positive action with respect to this, or do they hold the view, as some commentators and, indeed, some people in the government are saying, that these lower oil prices will, in fact, have a positive effect on the Canadian economy?

Hon. Duff Roblin (Leader of the Government): If I were to get into an economic argument with my friend, and I do not intend to do so, I could make an argument for higher oil prices being good for some and bad for others; and lower prices being

good for some and bad for others. That is the fact of the matter.

With respect to the price of oil today, which is around $17, that is a pretty difficult figure for some people in this wide world to accommodate, particularly the Mexicans.

I can say that only yesterday the Minister of Energy, Mines and Resources was in Newfoundland talking to representatives of Mobil Oil and to people on the Hibernia site, and there seemed to be a firm determination on the part of all concerned that that project, which is the closest to maturity, would certainly proceed.

Senator Olson: Can I take it that so far as the government is concerned, where the price of oil is today and where it appears to be heading, which is down still further, is not any cause for this government to do any more than maintain what the leader describes as a "watching brief"? In other words, they do not intend to do anything to take some of those projects out of the difficult position that they find themselves in, which may be jeopardy. As far as Syncrude and the heavy oil upgrader at Lloydminster and a number of others are concerned, I take it from the minister's response that present prices are satisfactory to the government in economic terms.

Senator Roblin: All I can say is that at the present time all those projects are on course.

Senator Perrault: Straight down!

STATUS OF WOMEN

EQUAL PAY FOR WORK OF EQUAL VALUE—GOVERNMENT DELAY

Hon. Stanley Haidasz: Honourable senators, I should like to direct my question to the Leader of the Government in the Senate. I believe he has already learned that the enlightened Government of Ontario has introduced legislation boosting basic pay scales for female-dominated jobs in the civil service considered of equal value to higher-paying ones usually held by males.

I should like to ask him this question: Why is the federal government delaying in bringing in any measures to give equal pay for work of equal value?

Hon. Duff Roblin (Leader of the Government): I want to tell my honourable friend that he is right. I learn something every day, even if it is from the Government of Ontario, and I expect to learn a good deal more before I am through.

All I can say with respect to his question is that the government, I believe, has introduced legislation with respect to equal pay for work of equal value, which is presently being considered by the House of Commons and, in due course, will appear here.

Senator Perrault: In due course.

[Senator Roblin.]

SUPPLY AND SERVICES

PUBLICATIONS—REQUEST FOR REMOVAL OF PERMISSION FEE

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government in the Senate. The government, through the Department of Supply and Services, is now charging writers, historians and researchers a permission fee of $25 per page for excerpts from government publications used in their books or publications. In addition to that, they are charging a 3.5 per cent royalty on the retail price of the book written by the historian or writer.

Apparently these fees were imposed without any prior consultation with either the writers' community or the publishers' association. This obviously takes the form of taxation and acts as a barrier to the wide accessibility to, dissemination of, or analysis of government publications or materials. It appears to be contrary to the public interest and to the long-established policy regarding the wide dissemination of government publications. Could the Leader of the Government consult his colleagues to see whether this odious and punitive fee could be removed?

Hon. Duff Roblin (Leader of the Government): Yes, I will, honourable senators.

"HOW CANADIANS GOVERN THEMSELVES"—UNAVAILABILITY OF BOOKLET

Hon. Gildas L. Molgat: Honourable senators, I wish to address a question to the Leader of the Government in the Senate. It is not a matter that I would normally bring to this chamber, but I have been unable to get any satisfaction otherwise, although I have attempted to do so. Perhaps this is the best place in which to try once more.

Some time ago, a publication entitled, "How Canadians Govern Themselves" and, in the French text, "Les canadiens et leur système de gouvernement," written by one of our former colleagues, Senator Forsey, was produced and widely distributed by the Canadian Unity Information Office. Originally, it was issued as one booklet, with the English and French versions reversed. Subsequently, it was published as two individual language booklets.

Honourable senators, this booklet is no longer available. I have made inquiries of various government departments and I have been told that it is no longer in print. The government has abolished the Canadian Unity Information Office, yet there is a very wide demand by young Canadians for this book or something similar to it. We cannot get any satisfaction from any government department. We are simply told—and, more recently, they have been getting rather curt when requested—that it is not in print and that it is not to be printed again.

Could the Leader of the Government in the Senate find out why this booklet cannot be made available when there is a public demand for it? Presumably, he will be told that there is no money for its republication and that that is due to cost cutting. Let me just remind him that the government is printing many extra booklets these days. Last year I asked him for one about the Shamrock Summit, which I never did

receive, but which was a very fancy publication, as he will recall. I am still waiting for my copy.

This year, in commemoration of the visit of the Prime Minister of Japan, we have had published a lovely booklet. In it, on the facing page, there is a beautiful picture of the Prime Minister—not the Prime Minister of Japan, but the Canadian Prime Minister—but that is all right. If we can print things like this, surely we can print something that will be useful to young Canadians. Will the government leader please find out why we cannot get copies of Senator Forsey's booklet?

Hon. Duff Roblin (Leader of the Government): My honourable friend has come to the right place, because I will certainly get an answer for him if he cannot get it anywhere else.

Senator MacEachen: Hear, hear—the answer man!

Senator Roblin: I have read that booklet written by Senator Forsey and I think that it is a very well written and researched document. It is a good description of how Canadians do govern themselves. I must say that I rather fancy the idea that it should be made available in the future as it was in the past. It is true that money is a problem, but, in view of the fact that my honourable friend has approved of the Prime Minister's picture in the publication commemorating the visit of the Japanese Prime Minister, I will undertake to do my best to give him some satisfaction.

METRIC CONVERSION

GOVERNMENT POLICY

Hon. Raymond J. Perrault: Honourable senators, I should like to ask the Leader of the Government in the Senate a question with respect to metric conversion. On January 30 of 1985, the Honourable Michel Côté announced in the other place that:

> The metric system is here to stay . . . the Government is committed to metrication . . . small retailers . . . will be allowed to continue to use imperial scales.

Nearly one year has elapsed since that time and the minister still has not produced the new regulations to give effect to his new policy. He has given assurances to a number of people in Canada, including those associated with the Canadian Metric Commission, that the holdup is due to a possible conflict between the exemptions and the Charter of Rights and Freedoms, but no detail of any kind has been provided.

• (1430)

Further inquiries, honourable senators, have led to the information that regulations will allow a merchant to have any number of imperial scales, provided he has one metric scale. The difficulty, apparently, is in deciding who, because of economic hardship, does not need to have even one metric scale on his premises. What we may be seeing here, honourable senators, is a looming chaos.

It is the opinion of the Canadian Metric Association that the department is approaching the problem from the wrong direction. The regulations, in the view of the association, should allow every retail food outlet, without any exemptions or exceptions, to use not more than one or two imperial scales.

I am looking to the Leader of the Government in the Senate to provide enlightenment, if possible, on this subject, which is of serious practical concern to many merchants from coast to coast, who are endeavouring to comply with the regulations and who are endeavouring to obey the law.

Apparently the fear, honourable senators, is that if the regulations are promulgated as at present planned, allowing an unlimited number of imperial scales, we may expect to see a gradual conversion of scales back to imperial, together with continuing chaos in the market.

According to an article in the *Globe and Mail* recently, this will waste the expense and effort put into the conversion to metric, will confuse consumers, and will require a third conversion back to metric, under a new government at a future date.

I hope that the Leader of the Government in the Senate can provide some information on this point. If he does not have detailed information available today—and I can understand if he does not—perhaps he could bring some information to the Senate at the earliest convenience.

Hon. Duff Roblin (Leader of the Government): My honourable friend appears to be representing to us the opinion of the Canadian Metric Association, which is perfectly legitimate for him to do, but I must point out to him that there are a great many Canadians who do not agree with what that association is advocating.

Senator Perrault: That is correct.

Senator Roblin: A great many Canadians do not agree that imperial measure should be entirely abandoned and proscribed by law. In fact, so strongly held is that view that it was an issue in the last election, and it was made clear by this government that arrangements would be made to take care of that particular problem, and this government has been doing its best to do so.

My honourable friend complains that the regulations have not been published. He seems to know what might be in them, at least he has given me that impression. I confess that I do not know what is in the regulations. But the question he has asked me, in particular, is: When will the regulations be produced?

Senator Perrault: That was the first question.

Senator Roblin: I will try to find out.

Senator Perrault: What was the reply?

Senator Roblin: I will try to find out.

AGRICULTURE

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, Senator Perrault just mentioned in his eloquent way a looming chaos, which brings me to my feet yet again on behalf of the sugar-beet industry. With the cabinet meeting tomorrow, I

wonder if the Leader of the Government in the Senate can assure the Senate that he will be renewing his efforts to see that the item which he told me was at the top of the agenda yesterday goes over the top tomorrow.

Hon. Duff Roblin (Leader of the Government): I acknowledge the persistence of my honourable friend. I do not think I have been in the Senate recently on a day on which she has not asked a question about the sugar-beet industry.

I have given the best answers I can; I have nothing to add to what I have said previously.

ENERGY

OIL-PRICING—GOVERNMENT POLICY

Hon. Thomas H. Lefebvre: Honourable senators, in the absence of the Leader of the Government in the Senate, I posed a few questions to the deputy leader two weeks ago requesting certain information with regard to the price of gasoline to the retailers and consumers of Canada. Senator Doody, at that time, said he would look into the matter to see if he could bring back a reply.

I wonder if I could ask the government house leader, now that he is back in the chamber, if he would use his good offices to check out answers to the questions I addressed to Senator Doody in his absence, and try to bring an answer to this chamber tomorrow.

Hon. Duff Roblin (Leader of the Government): Without wishing to be too picky, I should say to my honourable friend that the government house leader is not here; that is Senator Doody, and he is someplace else.

I will undertake to answer on his behalf, but I cannot pledge myself to produce an answer tomorrow. An answer will be forthcoming as soon as possible.

THE ECONOMY

VALUE OF CANADIAN DOLLAR—TIMING AND EXTENT OF MARKET INTERVENTION—APPEARANCE OF GOVERNOR OF BANK OF CANADA BEFORE THE SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I should like to raise the rather intriguing possibility that the Leader of the Government put forth in answer to questions by the Leader of the Opposition to the effect that we might have a session with the Governor of the Bank of Canada. I wonder if the leader could look into that and let us know tomorrow just how possible that is, logistically, and how we would bring it about by way of procedure.

Hon. Duff Roblin (Leader of the Government): I think that that is a matter that the Senate Committee on Banking, Trade and Commerce is traditionally well-equipped to handle. That committee can meet, and if the members of that committee so desire, they can issue an invitation to the Governor of the Bank of Canada. On past occasions, as far as my recollection goes, he has always accepted such invitations.

[Senator Fairbairn.]

Senator Frith: I understood that the possibility existed of having the governor appear before a committee of the Senate, but it is the other intriguing possibility that was also included in the response by the Leader of the Government that I would ask him to explore. I know about his availability to committees, but the possibility of having the governor appear in the Senate for questioning and discussion is, as I said, an intriguing possibility. I think it would be very beneficial to the Senate and, perhaps, even very beneficial to the government.

Senator Roblin: It may be an intriguing suggestion, but it certainly was not made by me, nor would I support it.

Hon. John M. Godfrey: I should like to draw Senator Roblin's attention to the fact that the committee before which the governor has appeared in the past was the National Finance Committee.

Senator Roblin: I thank my honourable friend; it was the National Finance Committee.

Senator Frith: Unless something happens between the "blues" and the "finals," the Leader of the Government will see that he did say that it would be possible for him to be here, and that is what I would like him to explore.

Senator Roblin: I do not think I said that; I am positive I did not say that. If I did say it, I "unsay" it, because that is not my idea and it does not have my support.

Senator Frith: All right. That is clear. In that case we will explore it.

Senator Flynn: That was suggested by the Leader of the Opposition.

Senator Frith: Yes, and acceded to. We will see; we can explore it.

Senator Flynn: I was intrigued by the suggestion.

Senator Frith: We can explore it, if you will not.

Senator Roblin: Go ahead.

[*Translation*]

MARRIAGE (PROHIBITED DEGREES) BILL

THIRD READING—MOTION IN AMENDMENT—DEBATE ADJOURNED

On the Order:

Resuming the debate on the motion of the Honourable Senator Stanbury, seconded by the Honourable Senator Petten, for the third reading of the Bill S-2, intituled: "An Act to amend and consolidate the laws prohibiting marriage between related persons",

And on the motion in amendment thereto of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Bélisle, that the Bill be not now read the third time but that it be amended as follows:

1. Strike out paragraphs (*a*), (*b*) and (*c*) of subclause 2(2) and substitute the following:

"(*a*) lineally by consanguinity or adoption, or

(*b*) as brother and sister by consanguinity, whether by the whole blood or by the half-blood."

2. Strike out subclauses 3(2) and (3) and substitute the following:

"(2) A marriage between persons who are related in the manner described in paragraphs 2(2)(*a*) or (*b*) is void.".—(*Honourable Senator Flynn, P.C.*).

Hon. Jacques Flynn: Honourable senators, I note that the motion to amend the report of the Committee on Legal and Constitutional Affairs on Bill S-2 has been pending since December 19, 1985.

I do not recall who telephoned me while I was away from the Senate, but I did indicate I had no objection to the question being put in the Senate. In fact, I thought somebody had done so.

In any event I have already explained why I introduced this amendment motion. I had reservations about adopting the committee report because it introduced new prohibitions.

In that respect I was supported by Senator Hicks and other senators.

Then I had an opportunity to discuss the matter with Senator Neiman and Senator Nurgitz, respectively Chairman and Deputy Chairman of the Committee on Legal and Constitutional Affairs, and, as I recall, with my friend Senator Stanbury. We raised the possibility of amending the report so that only marriages between father or mother and an adopted child would be prohibited.

At the time we all seemed to agree it was the only solution. I thought all senators would have time to read the amendment during the holidays and find out its full meaning. The debate on this matter has lasted long enough and I do not see any point in going over the same arguments. As far as I am concerned, the question can be put. If there are objections to my proposal, perhaps I will respond. However I had the impression that those who were interested in this matter agreed with the contents of the amendment I introduced on December 19 last.

• (1440)

[*English*]

Hon. Joan Neiman: Honourable senators, I am not sure whether it is in order for me to speak at this point, but I would be happy to have this matter resolved one way or another, because we have been considering it for some time.

I should like to adjourn the debate to enable me to consult with some of my colleagues in order that we might come to some agreement that would find favour with most honourable senators.

On motion of Senator Neiman, debate on motion in amendment adjourned.

ROYAL CANADIAN MOUNTED POLICE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Richard J. Doyle moved the second reading of Bill C-65, to amend the Royal Canadian Mounted Police Act and other Acts in consequence thereof.

He said: Honourable senators, I should like to pose a question. What in the world was the world like in June 1974? Well, the big stories of the day had to do with $1 million prizes for the Olympic Lottery, the negative Albertan response to federal support of western oil, and the curious case that the Micheners, and indeed the Queen, had watched television on stolen sets inside Rideau Hall.

"The Honeymooners" was showing on television, and Merv Griffin was also appearing. Over at the movie houses we were lining up for "Blazing Saddles," "The Exorcist," "The Great Gatsby," and "The Apprenticeship of Duddy Kravitz."

In 1974 there were a lot of people who felt—who had good reason to feel—that the government's determination to establish new rules to deal with public complaints about the Royal Canadian Mounted Police, and internal complaints within the force, would be given a broader and more reasonable examination and prompt expression in legislation—that such justifiable consideration was just around the corner.

If you were aged 35 in 1974 and in the force, you would not be that far from retirement age before government good intentions seemed capable of realization. There is, of course, a good deal that could be said by way of explanation about why things went wrong—or, more explicitly, why things went nowhere.

To begin with, there was the Canadian tradition of appointing a commission of inquiry—in this case under Judge René Marin—to look into existing methods of handling complaints by the public against members of the RCMP. The commission was also asked to ascertain whether existing laws, policies, regulations, directives and procedures relating to discipline and grievance within the force were "susceptible to improvement." If they were "susceptible," how should the government respond to that susceptibility?

Honourable senators, bear in mind that Judge Marin undertook his onerous chores on the thirtieth anniversary of D-Day. By January 16, 1976, he was back with a sensible and sensitive report. The executive summary noted that the Marin commission's

> recommendations are characterized by and synthesized under a remedial approach which would seek to ensure that the rights of citizens and members of the force are clearly recognized and respected.

In short, the judge understood his terms of reference and proceeded to deal with them—incidentally, proferring advice along the way on such related matters as native policing, remote postings, pensions, promotions and transfers.

Parliament got the word from Judge Marin on March 19, 1976. All members of the force received copies; internal committees at all levels in the force were established to provide

studies of the recommendations. For a time there was a great flurry of anticipation that things were about to happen!

After all, in October of 1976 the Deputy Solicitor General had been appointed chairman of an interdepartmental committee of implementation. Thus were drawn in the assistant deputy minister for police and security, officials of the Privy Council Office and the Treasury Board Secretariat. Way to go! It went nowhere.

The committee reported its findings in July and August of 1977. A bill to amend the RCMP Act was at last introduced into Parliament in April 1978. It died on the Order Paper and was reintroduced in November 1978 and again in June 1981. It did not go beyond first reading. Back it bounced in 1984 and it died with dissolution. Sail on, oh ship of state!

It is not couth for a very junior parliamentarian to deal cynically with the majesty of process, but there are days when I am reduced to believing that the only thing we have in common with the gods is our infinite capacity to grind slowly. We must not be discouraged, although we can forgive our constabulary for losing faith in much-touted good intentions and we must understand the despairing of our citizens that government will ever give them the opportunity to vent their honest grievances.

● (1450)

As honourable senators are all aware, the government pushed forward undeterred with its consideration of the Marin report and the substantial studies of its merits and made some very useful amendments to previous legislative proposals and, on June 27, 1985, introduced Bill C-65 for first reading. That bill is now before this house, imperfect as all bills are, but a substantial contribution to Canadian justice in a context where there is not always understanding of the responsibilities shared by those who must enforce and those who must accept and understand the fairness of enforcement. The report, for the most part, represents vintage Marin, and for that we should all be grateful, as the bill proceeds through this chamber.

The commissioner and the minister are to be authorized to establish boards of inquiry to report on any matter linked with the organization, training, conduct, performance of duties, discipline, efficiency, administration or government of the force or affecting any other person appointed or employed under the authority of the act.

The bill provides for protections for those who participate in such proceedings—rights to counsel or other representation; the rights of those whose conduct or affairs are being investigated by the board to present evidence, cross examine witnesses and make representations to the board.

Establishment of the RCMP External Review Committee is intended to provide a mechanism of review by a committee composed of Governor in Council appointees. Here is another opportunity for ventilation of formal disciplinary sanctions, demotion or discharge and certain types of grievances. Under Bill C-65, any member of the force may grieve any administrative action, provided no other process for redress exists.

[Senator Doyle.]

Under the bill there will be a set of statutorily expressed standards of conduct which will form the basis for a code of conduct to be enacted through the regulations. Of course, a process will continue for the discharge or demotion of members of the force who fail to perform their duties, but protections and rights to re-consideration would be vastly improved.

The case for the public is: Anyone, whether affected or not by the subject matter of a complaint, will be able to lay a complaint concerning a member's conduct before the commission, any member of the RCMP or the provincial authority responsible for receiving complaints. Every citizen has a right to make his or her case in respect of such complaints through the public complaints process.

I must thank honourable senators for their patience in hearing me through this examination of Bill C-65. Those of you who have endured the bill's tedious proceedings through incarnation and reincarnation are well aware that I have neglected to touch upon many of the wise reforms that have been included in this accommodation of public and private concerns in our relationship with the great and good force that serves us all. But permit me a moment to give credit to the contribution the force itself has given to bringing this bill before us. I speak to the work of the RCMP division staff relations representatives, which was warmly welcomed by our Solicitor General. While not all of the recommendations made by the division staff relations representatives were accepted in the bill as it now stands—I was reminded the other day by my seat-mate that no act is forever—important changes were made on such matters as representation at all hearings of the External Review Committee. Again, I point out the Solicitor General's acceptance of the provision that off-duty activities not be subject to examination by the public complaints commissions, as they have been in the past, on the grounds that members are entitled to the same privacy rights as apply to other citizens.

Perhaps what is best about this bill, after all the versions of its gestation period, is that it represents the best views of those who govern and those who serve. I am pleased to recommend to my colleagues here its swift passage.

On motion of Senator Frith, debate adjourned.

[*Translation*]

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Jean-Maurice Simard moved the second reading of Bill C-80, to amend the Excise Tax Act and the Excise Act.

He said: Honourable senators, Bill C-80, an Act to amend the Excise Tax Act and the Excise Act and to amend other Acts in consequence thereof, is an important piece of legislation arising from the May budget brought down by the Minister of Finance. The main purpose of this bill is to raise substantial new revenues in order to reduce the deficit.

When we examined the bill in the Committee on National Finance, a number of concerns were raised regarding the

fairness of some of the proposals. This is an important matter, and I would like to take advantage of this opportunity to comment on this point today.

While no government likes to raise taxes, this bill clearly reflects the government's determination to achieve the economic renewal goals of the May 1985 budget. These measures emphasize the government's continued commitment to fairness in its approach to policies, programs and people as outlined in the May budget. These measures reflect the need for greater fairness in our tax system.

The tax measures introduced in the May budget are aimed at bringing the deficit under control and managing government more effectively, to achieve and sustain the benefits of economic growth which we are just beginning to enjoy. The government's policies to wrestle the deficit and manage the government better, are, I feel, part of a comprehensive set of actions designed to deal with a wide range of economic and fiscal needs.

This bill concentrates heavily on the control of the national debt through a number of revenue-raising measures and reductions in tax expenditures. To achieve more effective government management, this bill implements many of the recommendations of the ministerial task force on program review.

To improve tax fairness, the bill introduces a comprehensive system of assessments, objections and appeals. It provides protection for taxpayers from collection action with respect to amounts in dispute until the issue has been settled by the courts.

The national debt, I believe everyone will agree, is unacceptably large and growing at a dramatic rate. The deficit affects us all and it threatens us all. Deficit control measures must be shared as broadly as possible if results of the magnitude required are to be achieved. The government has tried to collect the additional revenues it needs by proposing tax increases in a number of areas, thereby minimizing the impact on specific sectors and individuals. All Canadians are being asked to make their modest contribution towards reducing the deficit. Changes both in the scope and rate of federal sales tax and excise tax are being proposed to ensure that the burden of increased revenues is shared as broadly and as fairly as possible.

● (1500)

[*English*]

First, honourable senators, the bill addresses the scope of the federal sales tax system. Over the years, there has been a substantial erosion of the tax base as new exemptions have been introduced to implement specific government objectives of the day. These exemptions have increased pressures for additional tax relieving measures, created complex boundary problems and contributed to the deficit problem by significantly reducing revenues.

The bill addresses these problems by repealing sales tax exemptions for candy and confectionery, soft drinks, pet food, certain health goods and energy conservation products. It also proposes changes in the taxation of prefabricated construction goods, which were previously taxable on the cost of materials only, so that all construction products will be taxable on their sale price.

Second, the rates of federal sales tax are being increased by 1 percentage point on January 1, 1986. Although this is only a small increase on individual products, in aggregate it will add an estimated $825 million to government revenues in 1986.

Third, this bill implements a two cents per litre excise tax on gasoline, diesel fuel and aviation fuel, effective September 3, 1985. This levy will generate approximately $930 million in the 1986 calendar year. The bill also proposes an additional increase of one cent per litre in this levy effective January 1, 1987. This increase was proposed to help meet the continuing costs of fully indexing old age pensions.

Canadians have shown their preference for broad based measures such as this to reduce the deficit in preference to measures which might raise anxieties and concerns of financially vulnerable groups.

Finally, the bill eliminates the automatic indexation of the specific taxes imposed on alcohol and tobacco products. This government believes that increases in excise taxes based on a rigid formula are inappropriate. In place of the scheduled increase, the levies on spirits, wines and beer are being increased by 2 per cent, and on tobacco by 25 cents per pack.

These measures should be considered in the context of all of the changes and proposals which were announced by the Minister of Finance in the budget. The tax increases are balanced with government expenditure reductions, the impact of tax decreases, the freeze on unemployment insurance premiums and the release of existing RHOSP funds into the economy. The present government has openly asked a wide range of taxpayers to contribute in a fair way. Together, the expenditure cuts and tax changes are an important and fair way of restoring fiscal order to this country.

[*Translation*]

Honourable senators, many of the proposals contained in this bill are aimed at improving the efficiency of the taxation system and at defining the rights and duties of taxpayers.

Until now, the Excise Tax Act contained no provisions on the assessment of the sales and excise tax due and gave taxpayers only limited access to an independent appeal procedure in case of a taxation dispute. This bill contains a complete assessment and appeal system. It also gives taxpayers the right to delay payment of disputed taxes until the matter is settled by the courts.

Under the new provisions, the Minister of National Revenue will be required to examine quickly a refund application, to determine whether a refund is due and to advise the claimant of his decision. Payment of the refund will be required if an application is received and explanations of the grounds for refusal will have to be provided if an application is rejected.

In the case of an assessment, the taxpayer will be able to discuss informally the conclusions of the auditor with representatives of Revenue Canada before the assessment is made. In my opinion, this is an important step, even within an official

appeal mechanism, because experience has shown that many disputes could be settled at that stage. If the taxpayer is not satisfied with the answers he receives, he can lodge a formal appeal.

A taxpayer can oppose an assessment or a ruling made on a refund application by producing a notice of objection. A taxpayer can also appeal the ruling of the minister about the objection to the Federal Court—Trial Division.

This legislation provides new rights of appeal for purchasers as concerns taxes charged on goods which they believe that they are entitled to purchase tax free. This mechanism will allow a purchaser to determine his own situation as concerns the sales tax and to receive any refund due. These provisions apply if the vendor has assigned his rights to the purchaser or has relinquished them.

This new assessment and appeal system reflects the recommendations of many studies and will better meet the concerns of many taxpayers. The tax experts are pleased that such a system will be implemented. It is an important step to increase the rights of taxpayers and provide a greater degree of fairness in the federal taxation system.

To conclude, honourable senators, this bill is certainly not perfect, but it is a tough, courageous and responsible piece of legislation. It would be difficult to describe otherwise a bill which aims at collecting $2.5 billion a year. As I have said, it has to be tough, but I also believe that it is fair. It asks all Canadians to take part in the efforts made to help our country recover its financial health, since all Canadians will benefit when the objectives set by the government are reached, which is why, in my opinion, this government was elected in September 1984. The comprehensive appeal mechanism proposed in this bill will guarantee that the tax rules for collecting these revenues are applied fairly to all taxpayers.

Thank you, honourable senators.

Hon. Fernand Leblanc: Honourable senators, I move that the debate be adjourned.

The Hon. the Acting Speaker: Honourable senators, it is moved by Senator Leblanc (*Saurel*)—

• (1510)

[*English*]

Hon. Duff Roblin (Leader of the Government): Before the question is put, honourable senators, I wonder if I could speak to what I would describe as a point of order covering this bill, because I should inform the Senate that it is the hope of the government that this bill will be disposed of by this chamber before the budget address is delivered on February 26.

As honourable senators know, we followed our practice in respect to this bill by referring the subject matter for a pre-study. It was pre-studied by the Standing Senate Committee on National Finance on two occasions: one being December 3 and the other being December 10. A wide variety of witnesses was present, including the minister and officials of the department. I believe there were about half a dozen witnesses in all, the names of whom I have here. The committee proceeded with its examination of the subject matter of the bill.

Because it was understood that certain amendments, which I do not think were of a major nature, were being considered by the House of Commons, the committee did not report the bill after pre-study, as is the custom. Nevertheless, this bill did receive some attention in the Standing Senate Committee on National Finance and, in fact, as far as I am aware, at that time all the outstanding issues of major importance were reviewed, although some other matters were left standing.

My point in making this intervention is to inquire whether it is the wish of the chamber that we proceed expeditiously with this bill, which means that I would ask the chairman of the committee if he would be kind enough to speak today so that the bill can advance through one stage. While one never knows what may happen to a bill on second reading, it would be useful if it could go to committee very soon, if that is the wish of the Senate, so that we can clean up the tag ends which are outstanding and, thus, dispose of this bill in good time.

Honourable senators, I have no wish to appear to be urging undue haste in this matter, because I do not think that would be appropriate. I merely want to say that it is the hope of the government that the bill will receive Royal Assent before the budget and that, obviously, has to be considered in light of the proposed adjournment for next week. I think it only fair to senators to let them know how we view this matter and solicit the co-operation of honourable senators in getting this matter disposed of before the budget.

[*Translation*]

Senator Leblanc (Saurel): Honourable senators, I listened carefully to the comments made by Senator Roblin. I do not agree with him on several points especially concerning the urgency of the bill.

The House of Commons sat about 175 days before proceeding with consideration of this bill. It found it so interesting that when the vote was taken there were only 86 Tory members and 36 members of the other two parties in attendance.

Moreover, the government cannot blame us for delaying the bill, because they are already collecting the money they want. The gas price increase was implemented in September and they are already collecting the money. They also implemented the one per cent excise tax increase and this already is in force.

From what I read in *Hansard* when the minister was heard a consensus was reached among senators who wanted to reconsider the bill as amended and get acquainted with it, because the bill which was then under consideration was not the one we have today. Some 20 to 25 amendments were made. The committee will have the opportunity to reconsider the bill as it now stands and not as submitted some 100 days ago.

Thus I do not intend to speak at second reading stage today, or tomorrow.

[*English*]

Senator Roblin: Honourable senators, if I may be allowed to offer a comment on this, I would simply say that it is a

longstanding fact of parliamentary life that governments introduce bills but oppositions dispose of bills. In other words, the opposition really controls the timetable of a bill. That is, to a very large extent, the case now. I think it was the case in the House of Commons and it is certainly the case here.

I am not urging undue haste in examining this bill because we certainly will have all of next week to do so.

On motion of Senator Leblanc, debate adjourned.

[*Translation*]

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Tremblay, seconded by the Honourable Senator Murray, for the second reading of the Bill C-70, intituled: "An Act to amend the Family Allowances Act, 1973".—(*Honourable Senator Thériault*).

Hon. Philippe D. Gigantès: Honourable senators, Senator Thériault being absent, may I take the floor?

The Hon. the Acting Speaker: Does Senator Gigantès have leave to speak today instead of Senator Thériault?

Hon. Royce Frith (Deputy Leader of the Opposition): Agreed.

Hon. Eymard G. Corbin: On a point of order, honourable senators, this will not prevent Senator Thériault from speaking after our colleague, will it?

Senator Frith: No, normally no one would rise if the adjournment motion is in the name of another senator. Leave is usually granted by the senator who has already moved the adjournment and whose name appears on the Orders of the Day. I discussed the matter with Senator Thériault and that is why I said "Agreed". Senator Thériault told me he would be glad if Senator Gigantès would speak today. I think he intends to follow Senator Gigantès or take the floor tomorrow.

Senator Corbin: I thank Senator Frith for this clarification. Since the Chair used the words "instead of Senator Thériault", I simply wanted to make sure that Senator Thériault would have the right to speak, even after Senator Gigantès.

Senator Gigantès: Well, the matter has been cleared up, thank you.

The Hon. the Acting Speaker: Honourable senators, one should say "during his absence".

Senator Frith: To be perfectly clear, honourable senators, what Senator Corbin wants to emphasize is that Senator Thériault has not lost the right to speak simply because we granted leave to Senator Gigantès to proceed.

Hon. Jacques Flynn: A wasted effort.

Senator Gigantès: Honourable senators, Bill C-70, the legality and constitutionality of which remain somewhat fuzzy for the time being, in view of the fact that it is already being implemented without having been approved by the Senate (which I find a little bit funny) cannot be considered in a vacum; it must be viewed in the context of all the other measures taken dealing with the issue of assistance to families with children.

When we consider these measures as a whole, we realize that this government has attacked middle and low income families. We realize also that this same government, on the other hand, has spared the affluent and the major corporations. I intend to demonstrate this point to you this afternoon.

The government will be depriving 3.5 million families of a total amount of $15 million in 1985-86, and $40 million, in 1986-87. I find it quite immoral for this government to ask these families to tighten their belts, when it managed to find a billion dollars to save those people who had invested $60,000 or more in the two banking establishment which failed in spite of the government's bungled efforts.

The National Council on Social Welfare, an organization whose objectivity and good faith could not be questioned, estimates that the government's decision to deindex family assistance benefits will result in a loss of $22 for a very poor family with two dependent children in 1986. You may say: What is $22? It is not much.

However, if you take a hard look at the whole package of measures, as I did, you will discover that the costs are much higher, especially for the period from 1986 to 1991.

Senator Flynn: Why not until 2050?

Senator Gigantès: I could do it, if you insist.

Senator Flynn: That would not be relevant.

Senator Gigantès: Because I know that you love my computations, I have brought a pocket calculator especially for you. If you so desire, I am at your disposal.

Senator Flynn: You must be kidding!

Senator Gigantès: If you want to, I could even help you prepare your income tax return.

Senator Flynn: You are insulting the intelligence of the Senate.

Senator Gigantès: Finally, the Coalition of Women for Family Allowances has appealed to the Prime Minister through a petition which I hope you have read. This coalition does not question the need for fiscal responsibility. It simply asks: Does the government act responsibly and fairly when it deprives families with one dependant child of $175 million in 1986, while exempting hundreds of millions of dollars in capital gains tax, increasing by $80 million the capacity for affluent people to invest more in RRSPs, giving a one billion dollar tax break to the major oil companies, and $900 million to compensate the major depositors in the failed Commercial Bank of Canada.

According to this coalition, the cumulative total which the government will take from these families through these measures between 1984 and 1989 is $2 billion, and I will give you an in-depth analysis of this figure.

I should like now to quote some figures provided by the National Council on Social Welfare in a document entitled: "Giving and taking".

[*English*]

This was published to discuss the 1985 main budget.

● (1520)

The budget proposes changes to all three federal child benefits. These changes are to be phased in over the next few years. Despite assurances that these modifications "will provide increased support to low income families"—which was a government assurance given by the Honourable Minister of National Health and Welfare—many lower and all middle income families with children will receive less than they do from the current system. After 1990, even the poorest families stand to lose child benefits and, in the future, fewer and fewer families will be eligible for the Child Tax Credit.

Therefore, we are talking of three measures: Family allowance, the child tax credit and the child tax deduction. If all three measures are combined and if, in addition, we consider various advantages that have been given to families with high revenues—advantages such as the capacity for one spouse to invest in a retirement plan, thereby receiving tax deductions—we find, according to the National Council on Social Welfare, that by 1990 a two-earner family with an annual income of $15,000 and with two children—it would be difficult to get much poorer than that—will lose a total of $1,879. That is not taking into account the inflation rate of 3 per cent. If that were taken into account, that family will have lost purchasing power totalling $2,053. That is where my calculator came in. I regret that my dear and respected colleague, Senator Flynn, is not in attendance so that I could give it to him to play with if he wanted to.

A two-earner family with an annual income of $35,000 and with two children—we are entering the middle class here—will lose a total of $3,452 between now and 1990. If we apply to that amount the 3 per cent per year inflation rate, they will lose purchasing power totalling $3,772.

Unlike these families, the affluent couple will end up with a lower taxable income because of the budget introduced last May. Before the budget, the most that each spouse could claim as a tax deduction was $3,500 in combined RPP and RRSP. After the budget, each spouse can deduct up to $7,500 in RPP contributions in 1986, as well as an additional $2,000 in RRSP savings—assuming, here, that the husband earns $48,000 and that the wife earns $32,000. For a rich family with gross earnings of $80,000, they will make money out of these measures. Between now and 1990, a family with an annual income of $80,000 will make $6,187, while the family with an annual income of $15,000 will lose $2,647. The one hardest hit, of course, is, as usual, the lowest middle-class family. That family will lose $4,607.

● (1530)

If we look at a single parent with two children, the losses are higher for the low-income family, slightly lower for the middle-class family and lower for the rich family. Yet we were told that this was not going to happen.

[Senator Gigantès.]

I have heard the argument from some of my colleagues that what we should do, faced with this illegal—perhaps unconstitutional—situation in which the government is already making these reductions before they have been passed by Parliament, is pass the bill now and make proposals and suggestions to rectify the losses for coming years. We have been told there will be losses, but that those losses will not be felt in the first year.

Unfortunately, we come down to a question of trust in this issue. I trust every honourable senator; I would not expect any senator to say something that that senator does not believe to be true, but in September of 1984, the Honourable Jake Epp, Minister of National Health and Welfare, said in the House of Commons that the opposition was trying to create "a false image" of the Tory party as the enemy of the poor and the disadvantaged. The government, pledged Mr. Epp, would "demolish any such notion by demonstrating that it, too, can implement progressive social reforms." The minister said, "we also have compassion. We, too, have a heart." Well, a year later he said that unless there was de-indexing, and that money was taken to reduce the budget, it would not be possible to lower the deficit. He said previously that any cuts to the social security system, and to the family protection system, would not go to reduce the deficit. We are now being told, "Let this pass and trust us."

Well, it is difficult to extend this trust because it comes to a question of mentality, what people think is right, and what really perturbs me is where this government has started. Let us reduce the deficit. The government says a deficit is a bad thing. I agree. I agree that it is excessive and that we should cut it, but there are many places in which to cut. But who suffers the first blow of the axe? The poor retired pensioners. That was restored. Now it is the poor families, families earning $15,000 a year, not the rich families. The rich families get an increase. There are other places to cut. Canadians with incomes of more than $250,000 a year, 239 of them, paid no income tax.

Losses of revenue through deferred taxes to major corporations amount to two-thirds of the deficit. Why could that not be cut first? Why could those targets not be chosen for the axe? Did it have to be the poor, the old and the family?

What about the loopholes? What about the excess interest deduction taxes at only 50 per cent? That amounts to a $2 billion loss for the government.

What about the tax breaks and the systems programs to create investment? Study after study has shown that no investment is being created; that for every $2 of forgone tax revenue, business has created less then $1 of investment. In other words, we have been had. Here is a negative measure by the government, here is a rich field in which to find money without doing any harm at all, but that is not where the government has gone, not to the rich; it has gone to the poor families.

So, honourable senators, when I am told: "Pass this bill now to regularize a situation which is not regular because we are applying the provisions before they have been approved by Parliament and we will look at it and maybe try to amend it next year for the years that follow so that the poor families will not be hit, and the middle-class families will not be hit," I would believe any senator, but can I believe the government? In view of its performance so far, I have to say that I cannot believe the government.

[*Translation*]

I oppose Bill C-70. I propose that it be referred to the Senate Committee on Social Affairs, Science and Technology, to be amended. Those inequities, those undue attacks on the poor, and those privileges granted to the rich will be changed. Then there will be some fairness in our system.

The Hon. the Acting Speaker: Senator Gigantès, do you move that the debate be concluded and the bill referred to the committee?

Senator Gigantès: No, this is not a motion, as such, Your Honour, merely a suggestion.

Hon. Norbert L. Thériault: Honourable senators, I move the adjournment of the debate.

The Hon. the Acting Speaker: It is moved by Hon. Senator Thériault, seconded by Senator Le Moyne, that the debate be adjourned until the next sitting of the Senate.

[*English*]

Hon. Orville H. Phillips: Honourable senators, I understood from Senator Frith yesterday that there would be two speakers on this order this afternoon. Now the debate is being adjourned with the usual tactic of only one speaker. What happened in the interval?

Hon. Royce Frith (Deputy Leader of the Opposition): First, let me say what happened yesterday before we get to the interval. What happened yesterday was that I said that Senator Thériault was not here, that Senator Gigantès was not ready to proceed, that we would try to double up—those are the words I used—today. We are just not able to, so Senator Thériault will speak on the order tomorrow.

I do not know why that is funny, but—

The Hon. the Acting Speaker: Honourable senators—

An Hon. Senator: So much for a commitment.

Senator Frith: Just a minute. There was no commitment. I said we would try to double up. I could not say that we would double up because I had not spoken to Senator Thériault. So, if we are going to put this question on the basis of "so much for a commitment," then so much for my trying to help. I said I would try to bring that about, and I promised to try to bring that about, and I did try to bring that about. It is not a matter of "so much for a commitment"; the commitment I made was that we would try to do it, and I have fulfilled that commitment.

Senator Phillips: The commitment was that Senator Gigantès would speak today after Senator Thériault. I have that straight from *Senate Debates*.

Senator Frith: That is not what I promised; I could not promise that Senator Thériault would speak today because he was not in the chamber yesterday. I said that I would try.

[*Translation*]

The Hon. the Acting Speaker: Honourable senators, it is moved by Senator Thériault, seconded by Senator Le Moyne, that the debate be adjourned until the next sitting of the Senate.

Is the motion carried, honourable senators?

Senator Flynn: On division.

On Senator Thériault's motion, debate adjourned on division.

• (1540)

[*English*]

TORONTO HARBOUR COMMISSIONERS' BILL, 1985

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator MacDonald (*Halifax*), seconded by the Honourable Senator Murray, for the second reading of the Bill C-76, intituled: "An Act respecting the operation of the Toronto Island Airport by the Toronto Harbour Commissioners".—(*Honourable Senator Stollery*).

Hon. Peter A. Stollery: Honourable senators, I shall be quite brief. When I first looked at Bill C-76, I thought it was a fairly simple bill. However, as I read the bill in conjunction with the evidence in the other place, and as I know something about the Toronto Harbour Commission, I became less persuaded that it was as simple a matter as I had thought.

For the information of honourable senators, the area of Toronto from Union Station to the lake is built on landfill, and the Toronto Harbour Commission has a great deal of power over some of the most valuable land in Canada—land to which the title is unclear.

Some years ago I had the experience of assisting with the assembly of the land for the Harbourfront Park in Toronto, so I speak with some knowledge of the matter and of the Toronto Harbour Commission. As I read the bill, which affects rules and regulations concerning the airport—and the Toronto Island Airport is one part of the area to which I have referred—I found much of the testimony given in the other place confusing. I find the bill to be extremely technical in the sense that some of its implications should be more clearly set out than they are. Therefore, I am of the opinion that the Senate is the appropriate place to study the bill which could more greatly affect citizens of the area in question than might be considered at first glance. In my opinion, this bill should be referred to a Senate committee.

When I considered which committee it should be referred to, even that was not clear to me. Obviously, the airport is a transportation issue and the appropriate committee, I would suggest, should be the Standing Senate Committee on Transport and Communications. On the other hand, the bill seems to

refer to what may be considered by those more knowledgeable than I on legal matters as being essentially juridical matters. Therefore, although I suggest that the bill should be referred to committee, I am unclear as to which committee it should be referred to. Quite naturally I thought at first that it should be the committee that deals with transport and communications, but the more I looked at the bill I realized that it could easily go to the Committee on Legal and Constitutional Affairs.

That really is all I have to say on the matter. I believe the Senate is very much the appropriate place to look more thoroughly at the impact of this bill.

Hon. Finlay MacDonald: Honourable senators—

The Hon. the Acting Speaker: I must inform honourable senators that if the Honourable Senator MacDonald (Halifax) speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill, in accordance with rules 28, 29 and 30.

Senator MacDonald: Honourable senators, I thank Senator Stollery for his thoughtful remarks. I was trying to anticipate what his concerns might be. As I looked back over the evidence that was taken in the other place, I thought that we might get into the matter of environmental concerns, or matters involving air safety. The question of birds seemed to be the common theme, whether certain parklands were going to be protected or whether or not the birds would be a hazard to aviation. Therefore, I was trying to anticipate what the honourable senator's concerns might be on a matter that arose in 1983 and which seemed to receive an enormous amount of consideration by all parties, including the City of Toronto, the Harbour Commissioners, the federal government and so on.

Since obviously there is a disposition to refer the matter to committee, I would have assumed automatically that it would be referred to the Standing Senate Committee on Transport and Communications. I sent a letter today to the chairman of that committee asking for a reference of the Canada Shipping Act in connection with that committee. The matter is now becoming a point of concern to us. I would be inclined to suggest that we refer the matter to the Standing Senate Committee on Transport and Communications, if that would suit the honourable senator.

Senator Stollery: Honourable senators, for the record, I checked with the other place, but I cannot say which committee it was referred to there. I would leave it to the experts in this chamber to decide as to whether or not it comes under the terms of reference of the Standing Senate Committee on Legal and Constitutional Affairs to which under rule 67(1)(j)(iv) "all essentially juridical matters" should be referred. My instant reaction was to refer it to the Committee on Transport and Communications. Whichever committee is decided on will be agreeable to me.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

[Senator Stollery.]

On motion of Senator MacDonald (*Halifax*), bill referred to the Standing Senate Committee on Transport and Communications.

• (1550)

THE HONOURABLE RICHARD B. HATFIELD

FIFTEENTH ANNIVERSARY OF BECOMING PREMIER OF NEW BRUNSWICK—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Simard calling the attention of the Senate to the Honourable Richard Hatfield's Fifteenth Anniversary as Premier of New Brunswick.—*Honourable Senator McElman*).

Hon. Charles McElman: Honourable senators, I adjourned this debate yesterday primarily to ensure that the Honourable Senator Simard, who initiated the debate, would have the opportunity to close it if he should so desire. Before deferring to him, I would like to say a few words in the debate myself.

In 1970 the electors of New Brunswick reposed their confidence in the Honourable Richard Bennett Hatfield and in a majority of the members of the legislature who were supporters of Mr. Hatfield. That confidence was renewed by the electors in 1974, in 1978 and in 1982. Now, in 1986, Premier Hatfield has achieved an unequalled record for longevity in office in the province of New Brunswick—15 years plus. It is quite an exceptional record. No previous Conservative premier has ever won more than two elections in our province and no other premier of either political stripe has ever served as long in office as has Premier Hatfield.

Honourable senators, it is quite appropriate that the Honourable Senator Simard, a long-time colleague and faithful supporter of Premier Hatfield, should draw to the attention of the Senate the fifteenth anniversary in office of the premier.

During those years the premier and his government achieved many measures that deserved and received the approbation and support of a majority of New Brunswickers of all political persuasions, and Senator Simard has referred to many of those measures. During that same period, they have also been responsible, as has any government, for acts of commission and omission that have brought upon them the disapproval of many electors and citizens of New Brunswick of all political persuasions. Both the attributes and liabilities of Premier Hatfield have been weighed on the scales of public opinion, and the result has been confirmation of his government in 1974, 1978 and 1982. Nobody can argue with the decisions of the electorate.

However, in May of last year the electors in what could probably be referred to as the safest Conservative anglophone constituency in New Brunswick returned, with a landslide vote, a Liberal. Again this week, in what could probably be described as the safest Conservative francophone seat in New Brunswick, the electors returned, with a landslide majority, a Liberal. So, as in most things in life, the scales tip back and forth, and it appears that the scales in the politics of New

Brunswick are tipping again. That cannot take away from the fact that has been drawn to our attention by the honourable Senator Simard, that an exceptional record has been established in our province and is deserving of attention.

Hon. Jean-Maurice Simard: Honourable senators—

The Hon. the Acting Speaker: Honourable senators, if the Honourable Senator Simard speaks now, his speech will have the effect of closing the debate.

[*Translation*]

Senator Simard: Honourable senators, I shall try to be brief. First of all, I would like to express in this chamber my appreciation for the legendary courtesy and great generosity of Senator McElman.

We had an example of this yesterday. When Senator McElman realized I was absent, he remarked that the debate should not be closed until I was present, according to the custom of this chamber. I therefore wish to thank him. Senator McElman has shown once again that even in the heat of political action, there are still people, and he is certainly one of them, who are determined to be fair, come what may, who take the enlightened view and who remain in touch with reality. Once again, Senator McElman, I want to thank you.

I am told that the senator was a redoubtable adversary of my predecessors in my party. Your comments yesterday have given us another chance to express our admiration. Yours is an example worth following by each and every one of us who in the heat of battle may make statements that we are inclined to regret later on.

Honourable senators, my former federal MP and new colleague and desk mate also made a number of remarks on which I shall not comment any further. The purpose of my inquiry was to emphasize the exceptional contribution made by Premier Hatfield.

From what I have heard, his candidate's defeat in my former riding is not going to change my assessment of his record. In any event, it is far too early to make post mortems and write a new chapter in our history. It will take several years to establish the historical impact of the achievements of Premier Hatfield and his government.

Meanwhile, I would rather give a very quick overview of Premier Hatfield's major contribution, which consisted of creating a provincial party that is more open and accessible to both communities. In that sense, our party has caught up with the Liberal Party which had been recognized in New Brunswick as the party appealing the most to Francophones while enjoying the often repeated confidence of Anglophones. Together we have achieved that, and it is my wish that three months, six months or two years from now, our next provincial leader will agree to air his convictions and will not let himself be fooled, that he will not accept as politically viable for a matter of months such right-wing or reactionary positions.

I have always contended that I would rather lose with dignity and forthrightness than win on the basis of excessive slogans or positions that are acceptable in the short-term but that will not serve the interests of New Brunswick in the long run.

Coincidently we are concluding that inquiry today almost at the very moment a conference is held in New Brunswick to announce the Canadian government's decision to join the Hatfield government's initiative. A trust fund is being establish for the financing of a provincial newspaper over decades or for as long as the company which undertook to publish the newspaper will need that fund or as long the company will want to publish.

With all due modesty I want to take credit for and express my pride in certain measures which Premier Hatfield and Senator Robertson and also some other honourable senators and I have been associated with. I think that the establishment of that trust fund which provides a tool, not for propaganda but for communication and solidarity, will enable people from the three French-speaking areas of New Brunswick, if not people from all over the province, to come to know themselves better, to better exchange and better espouse common views where the need exists in the best interests of the community.

I am pleased to note that after three years—I know about that because I have led, at least informally, the negotiations with Mr. Trudeau's previous government and the present government since September 1984—Mr. Mulroney's government has agreed to join the project. To my mind, this will be a guarantee, an insurance policy against any attack on the Acadian community by the English-speaking press or other interests or pressure groups. There will be a newspaper secure from any political intervention, a newspaper that will have a stable financial basis. This will help it resist any form of blackmail or pressure. I very modestly submit that this will be a monument to solidarity and a marvelous fighting tool.

For the record, I would like to quote almost in its entirety the statement made today in Moncton by the Honourable Minister Benoît Bouchard concerning the Canadian government's decision.

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

Some Hon. Members: Agreed.

Senator Simard: Minister Benoît Bouchard said as follows:

> I am happy to announce that the Government of Canada, through the Department of the Secretary of State, has decided to make a contribution of $2 million towards the founding of a French language daily newspaper in New Brunswick. This sum is to be paid into a trust fund established for this purpose.
>
> One-third of the population of New Brunswick is French-speaking. This is the second largest French-speaking community in Canada, and its presence and vitality are well known. It needs a daily newspaper to express its views and needs and to reflect its presence in the community. Despite laudable efforts by l'Acadie Nouvelle, various weeklies and the French network of the CBC, the closing of L'Évangeline in September 1982 has left a gap that must be closed without delay. A newspaper is still a

vital tool for development. No one can question the importance of setting up a French language newspaper that will be read by a quarter of a million people spread out over the vast territory of New Brunswick.

In fact, my decision was in line with the recommendations of a study and conciliation mission I had entrusted to Mr. Jean-Louis Roy, then Editor-in-Chief of Le Devoir. He emphasized that the lack of an information medium reflecting the social, economic, political and cultural context of the Francophone community in New Brunswick was a major obstacle to establishing the communications essential to the development of this community.

He also underlined the urgent need for a provincial daily newspaper that would serve the Francophone community in New Brunswick.

We realize that the viability of a daily newspaper in New Brunswick, available throughout the province, cannot be guaranteed by its advertising potential alone. A form of financial assistance was necessary and was becoming increasingly indispensible to the social and cultural well-being of this community.

However, it was necessary to ensure that the organizational basis for this newspaper would remain strictly neutral and protected from any kind of interference. We have this assurance because our contribution is paid directly into the trust fund which, under the terms of the trust agreement, provides stringent guarantee against any kind of interference whatsoever. The only right both levels of government have is to recover their respective contributions in the event the trust fund is dissolved.

The contribution of the Department of the Secretary of State, which is about $2 million, will be paid out over three financial years, with the first payment of $700,000 being made before April 1 of this year. This type of assistance is part of one of the Department's long established programs which provide support for official language communities in the form of grants that may be as much as, but not more, than 50 per cent of the cost of certain projects initiated by the provinces.

The new daily will therefore be an independent newspaper, which, I am sure, will reflect various points of view, whatever their tendency, but will also focus on all the positive aspects of the Acadian and Canadian reality, in other words, on those aspects that are likely to stimulate the pride of this community and strengthen its faith in its own future.

Honourable senators, in concluding I would like to say that the outcome of this project, which made the headlines, has encouraged those who were looking forward to the departure of Mr. Hatfield. In fact, there are some who have been looking forward to his departure for as long as twelve or fourteen years. I suppose they will feel victorious, sooner or later, when the Premier decides or others decide for him that it is time to go. Nevertheless, this project is one of a long list of beneficial measures with which he has been associated.

I felt I ought to draw your attention to this matter. I am glad that Senator Corbin and other senators took part in the debate. Everyone said what he wanted to say. But one thing is certain, the message conveyed by Premier Hatfield and the contribution he has made to society will be an example for all those men and women who will have the courage, not just in their respective provinces but across this country, to defend the essence of Canada, which means a country where many different communities and at least two major communities are trying to live and work together and prosper in order to make their contribution to the development of this country.

Thank you, honourable senators.

The Hon. the Acting Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

• (1600)

OFFICIAL LANGUAGES POLICY AND PROGRAMS

CONSIDERATION OF FOURTH REPORT OF STANDING JOINT COMMITTEE—ORDER STANDS

On the order:

Consideration of the Fourth Report of the Standing Joint Committee on Official Languages Policy and Programs, presented in the Senate on 6th February, 1986.—(*Honourable Senator David*).

Hon. Paul David: Honourable senators, after speaking with the senator concerned, Senator Wood, I would like to move that this report be placed on the orders of the day in the name of the joint chairman of the Standing Joint Committee on Official Languages Policy and Programs, Senator Wood, if this is agreeable.

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

Some Hon. Senators: Agreed.

Order stands in the name of Senator Wood.

RIGHTS AND FREEDOMS

MOTION RE CANADIAN FORCES—SPOUSES OF MEMBERS—MOTION IN AMENDMENT ADOPTED—DEBATE ADJOURNED ON MOTION AS AMENDED

Resuming the debate on the motion of the Honourable Senator Marsden, seconded by the Honourable Senator Stewart (*Antigonish-Guysborough*):

That the Senate do urge the Government of Canada to permit freedom of assembly and speech, and such other freedoms guaranteed to all other Canadian citizens, for spouses of members of the Canadian Armed Forces.

And on the motion in amendment thereto of the Honourable Senator Frith, seconded by the Honourable Senator Fairbairn, that the motion be not now adopted, but

that it be amended by deleting the period after the word "Forces" and adding the words "and to amend or repeal all relevant regulations and orders accordingly."—(*Honourable Senator Flynn, P.C.*).

Hon. Jacques Flynn: Honourable senators, we have agreed to adjourn this debate to tomorrow. I have no objection to having the motion amended, but I adjourn the debate on the motion as amended.

Hon. Royce Frith (Deputy Leader of the Opposition): Very well. However, we have agreed to amend the motion as proposed, which means that certain words must be added to the original motion. We therefore have an amendment motion and the debate on the motion as amended is adjourned.

● (1610)

[*English*]

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

Senator Frith: We have to adopt the amendment. The motion will appear on the order paper tomorrow as amended, but the debate on the main motion, as amended, is adjourned.

The Hon. the Acting Speaker: Honourable senators, is it agreed to adopt the motion in amendment?

Hon. Senators: Agreed.

Motion in amendment agreed to.

On motion of Senator Flynn, debate on motion, as amended, adjourned.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, just before we adjourn, I don't want to make a big production out of this business of my undertaking on the Family Allowances Bill, but now is the time to clear up the matter.

When Senator Phillips read what I had said, there was, apparently, some misunderstanding.

I would draw the honourable senator's attention to page 1991 of *Debates of the Senate* where it is stated:

> SENATOR DOODY: Not today?
>
> SENATOR FRITH: No, not today. We will try to double up and, perhaps, both of them will speak tomorrow.

Clearly, the misunderstanding was because of what I had said in the first instance and what I said in the second. That is my recollection of my commitment.

Hon. Orville H. Phillips: I took the first statement as being a definite commitment. The first comment should be the commitment, because you cannot make a commitment and then start adding caveats to it.

Senator Frith: There was no caveat. The commitment is exactly as it appears and is exactly what I said it was.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 13, 1986

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

Prayers.

THE SENATE

ALLOCATION OF ROOMS—QUESTION OF PRIVILEGE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I rise on a question of privilege for your consideration. First, the factual background.

Since this session—I believe "session" is the right word—since the election of 1984 and the beginning of our deliberations thereafter, the Senate Liberal caucus has set up a Question Period group to deal with the preparation of questions for Question Period. When the Senate is sitting, this group meets at 1.30 every afternoon in Room 263-S.

Senator Langlois: Are there any bugs?

Senator Frith: Senator Langlois has asked if we have swept it for any bugs. No, we have not.

Today Senator MacEachen's office was given word that the Senate Conservative caucus required the room, and we were to clear out or not be there.

An. Hon. Senator: Nice guys!

Senator Frith: This word came from the government whip's office, Senator Phillips' office, not from him. Senator MacEachen then sent word back inquiring as to whether he was asking us to change our practice and to give up the room that has been reserved or whether he was telling us that we were to clear out or not be there. The response was simply, "We, the Conservative members of the Senate, require the room."

I had the impression that it was a noon hour caucus and perhaps a luncheon caucus. Consequently, I sent a note off to Senator Phillips' office in which I said:

> Senator MacEachen's office tells me that you require 263-S for a special noon-time caucus today.
>
> As you know, the room is reserved for our Question Period group at 1.30 p.m. each sitting day.
>
> We will require it for the same purpose today. No doubt you will have cleared out by that time.

Then I received the following message on my Code-A-Phone:

> This is Senator Phillip's office. In response to the note from Senator Frith to Senator Phillips, Senator Phillips has instructed me to advise that the P.C. Senate caucus requires their room—

The antecedent of "their" is not clear.

Senator Guay: It sounds clear to me.

Senator Frith: Is he saying "their room" meaning our, the Conservative's, room or does he mean by "their room" the Liberal's room? That is not clear. It is required by Senator Phillips and his caucus.

Senator Flynn: Lord have mercy!

Senator Frith: In any event the message goes on:

> —and they will be meeting there at 1.30 and 260N has been reserved for the Question Period group, and the constables have been instructed to make it available to them. Thank you.

Senator Flynn: Thank you!

Senator Perrault: Shocking!

Senator Frith: That is the entire message.

Honourable senators, I believe that we need some clarification of how we are to determine whether or not a room is reserved. Is it the practice in the Senate—and I do not believe that it is—that the government whip can tell anybody, including a caucus that has reserved a room, that they are to clear out to make room for someone else—in this case his colleagues on the Conservative side? There is no question that the job of allocating rooms is a difficult one. The informal committee chairmen's group decided some time ago to assign the duty, as far as committees are concerned, to the whips. Senator Lafond had been responsible for that, but it was decided to re-assign that responsibility to the whips.

I think we should understand that the government whip, be he or she a Conservative or a Liberal—depending on the times—does not have the right to do what Senator Phillips did today. If I am wrong about that, and if he does have that right, then we will have to pursue the matter in some other way.

Hon. Orville H. Phillips: Honourable senators, I am glad that Senator Frith raised this matter. I am rather disappointed that he is acting as a proxy for Senator MacEachen; I always find it difficult to deal with a proxy.

As I was leaving my office last evening I was given a message inquiring whether that was a request or an order. I told my assistant to say that it was because of a caucus meeting. I think everyone understands that a caucus meeting has priority over other meetings. That has been the situation since I first came to Parliament Hill in 1957, and I am sure that is still the situation.

Senator Frith: In the event of two caucuses?

Senator Phillips: That was not a caucus meeting, Senator Frith; that was just a meeting.

Senator MacEachen: Who decided that?

Senator Frith: I am glad I brought it up.

Senator MacEachen: You are the great authority.

Senator Phillips: You could not put those docile dolphins in your caucus in that room; they would be packed in like sardines or tuna if you tried to do that. Your caucus room is room 356-S. The Conservative Party has traditionally used that room for its caucus meetings. We have been holding our caucus meetings in that room for years.

That is well known to the members of the Liberal caucus. It is well known to Senator MacEachen and is well known to Senator Frith.

Senator Frith: We are there on sufferance; you just allow us to use it. That is very gracious of you.

Senator Phillips: Perhaps we should consider the demands Senator MacEachen makes on space. Senator MacEachen has five offices, yet Senator De Bané, Senator Marchand and Senator Corbin are complaining about there being no room in the Senate for Liberal senators.

Senator Frith: So, it is because Senator MacEachen has five rooms that this happened.

Senator Phillips: And in addition to that, every morning Senator MacEachen, Senator Frith and Senator Fairbairn go through what I call a turkey trot and go down to receive their instructions from the Leader of the Opposition in the other place.

Senator McElman: You are pushing your luck. Be careful!

Senator Frith: Let him go on.

Senator Phillips: After that they want the smoking room reserved for an hour to go over their instructions, then they want it reserved again. On at least three occasions during the past two weeks I have gone into the reading room and found at 1.30 in the afternoon that it was occupied by the Liberal Question Period group, and that has been done without consultation with anyone. So, don't tell me you have always used that room.

Senator Frith: Except when someone was polite enough to ask us to use the other room.

Senator Phillips: You were asked yesterday at noon to vacate that room.

I think the honourable senator is reaching and grasping for something to complain about. If he wants to do that, that is fine, that does not disturb me. In fact, I rather enjoy it. The only difficulty is that I visited the dentist at 11.30 this morning to have a tooth prepared for a crown—that is what happens to you when you give up smoking—and my lip does not move as freely as it should, but I think I can still make myself understood.

• (1410)

Some Hon. Senators: Hear, hear.

Senator Frith: Honourable senators, I understand now what Senator Phillips considers his powers to be. I am very glad I raised the point of privilege, because I do not think those are his powers as government whip. We will have to pursue this elsewhere.

Senator Flynn: That is what you should have done in the first place.

Senator Frith: That is exactly what I tried to do. You heard the answer that was given, which made it quite clear that any pursuit was going to simply indicate the same thing as we have heard.

The opportunity was given to explain the situation, and the explanation given was that the government whip had the power to do all these things—

Senator Flynn: You could have discussed this in the lobby first.

Senator Frith: —and I do not believe that he does.

Senator Simard: You just will not accept his explanation.

Senator Frith: I do not find his explanation acceptable because it includes the implication that he does have the power to do what he did today. I know that Senator Petten, when he was government whip, never felt he had that power and never did it. He always consulted Senator Macdonald and worked it out on the basis of a request, not on the basis of a requisition.

We now know what Senator Phillips' position is. We know he is supported by his colleagues in that position, and we will have to consider what to do about it.

Hon. Duff Roblin (Leader of the Government): I wonder if I might be allowed to act as peacemaker in this interesting interchange and pour a little oil on the troubled waters.

Senator Perrault: Are you sure it is not gasoline?

Senator Roblin: No, it is oil this time. I will go no further than that.

I think the arrangement that has worked admirably so far in, as my friend opposite admits, the very difficult question of allocation of space around here, has been the exchange of views between the two whips.

I do not know of a single occasion on which my colleague or Senator Petten, as government whip, has had serious difficulty in arriving at a solution as to the use of the space here. That has been the record and a highly satisfactory one.

It is unfortunate that Senator Petten is not here today.

Senator Flynn: Senator Cottreau is here.

Senator Roblin: That is so, but Senator Petten has a way with him: He can charm my honourable friend off the trees without any trouble at all.

Senator Frith: I am sure Senator Cottreau has the same views.

Senator Roblin: I am simply saying that I think, having had this exchange of views, perhaps we should be satisfied to say to the two official whips—with no disrespect to Senator Cottreau—that we expect them to come to an amicable understanding in the future should a similar difficulty arise. I believe that might solve the problem in an appropriate way,

because I am sure these two gentlemen, with their experience, will be able to agree on what should be done without serious controversy.

Hon. Len Marchand: Honourable senators, I am reluctant to rise on what I think is a question of privilege, but, since Senator Phillips mentioned my name along with that of Senator Corbin and Senator De Bané, I feel obliged to say a few words.

I am a little disappointed in the remarks of Senator Phillips since he is an old-timer around Parliament. I think it was totally silly, frivolous and ridiculous to mention Senator Corbin, Senator De Bané and myself in the manner that he did.

I was in the other place for 11 years and bargained for office space, but never before did I hear a whip or anyone else mention my request for office space on the floor of the House of Commons, and it should never be mentioned here in the Senate, especially in the personal way that Senator Phillips did so.

I am not a complainer—I have never complained—and I am not a whiner. I am quite offended by the ridiculous and silly way that he has handled this matter on the floor of the Senate. I would like him to apologize to me, to Senator Corbin and to Senator De Bané for the frivolous manner in which he treated our desires for better office space.

In my opinion, the Victoria Building is a pretty lousy place to be. The quarters are not good. The working conditions are not very good. I have never complained about them, but if you would like me to complain, I will give it to you. I have requested, in a sensible, decent and regular way, better conditions either in the Centre Block or the East Block, to which we are entitled.

Senator Phillips: Honourable senators, in retrospect, perhaps I did err in mentioning the name. It would have been far better had I said "his supporters in the Victoria Building," rather than name names. I am sure that the honourable senator would agree with that.

Senator Marchand: Honourable senators, if that is an apology, I will accept it.

SMOKING PROHIBITION BILL

FIRST READING

Hon. Stanley Haidasz presented Bill S-8, to prohibit smoking in certain work areas and on board certain modes of transport.

Bill read first time.

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

On motion of Senator Haidasz, bill placed on the Orders of the Day for second reading on Wednesday next, February 19, 1986.

[Senator Roblin.]

AGRICULTURE, FISHERIES AND FORESTRY

COMMITTEE STUDY OF IMPACT OF REPORT ENTITLED "SOIL AT RISK—CANADA'S ERODING FUTURE"—REPORT OF COMMITTEE ON HERBICIDE PRICING TABLED

Hon. Jack Marshall, Chairman of the Standing Senate Committee on Agriculture, Fisheries and Forestry, tabled the committee's fourth report.

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

On motion of Senator Marshall, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

REPRESENTATION BILL, 1985

REPORT OF COMMITTEE PRESENTED

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, February 13, 1986

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

NINETEENTH REPORT

Your Committee, to which was referred Bill C-74, intituled: "An Act to amend the Constitution Act, 1867 and the Electoral Boundaries Readjustment Act and to provide for certain matters in relation to the 1981 decennial census", has, in obedience to the Order of Reference of Wednesday, January 29, 1986, examined the said Bill and now reports that the Bill be reported without amendment but with the following comments.

The Committee regrets the loss, which will be caused by the passing of Bill C-74, of those seats to which the smaller provinces are entitled under the present law as a consequence of the 1981 census, and it further regrets the fact that the additional seats to which British Columbia and Alberta are entitled on the basis of the present law have been put in jeopardy for the next election by the introduction of Bill C-74.

Respectfully submitted,

JOAN B. NEIMAN
Chairman

● (1420)

She said: Honourable senators, I should appreciate leave to make a few additional comments with respect to this report.

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

Hon. Senators: Agreed.

Senator Neiman: Honourable senators will recall that Bill C-74 received first and second reading late in December.

Because of the pressure of numerous other bills before the Standing Senate Committee on Legal and Constitutional Affairs, it did not have time to consider Bill C-74 until Parliament resumed in January. Since that time, the committee has held five very lengthy sittings, which concluded just last night.

Some members of the committee had serious concerns with respect to certain of the proposed amendments in the bill. Because the committee considered them serious enough to warrant further consideration by the minister responsible for the bill, the Honourable Ray Hnatyshyn, President of the Privy Council and Government House Leader, yesterday it prepared a number of suggested amendments to the bill, which were then sent to the minister's office for review. Mr. Hnatyshyn was good enough to take the time to meet again with the committee last night, after he had had a chance to look at its proposals. He declined to accept three of them on the grounds that the ideas they contained had been thoroughly considered by the government and in committee of the other place and were found to be less preferable than the provisions in the present bill. The minister considered that three other proposals had merit and deserved further review. He therefore gave his undertaking to the committee that if it would report the bill without amendment, he would refer those three suggestions to the appropriate officials in the Department of Justice, since they dealt primarily with the appropriateness and concordance of the language of certain provisions.

If those officials advise the minister that the suggested changes have merit, as the committee believes they do, then the minister further undertook to ensure that they would be included in the next omnibus bill which corrects anomalies and inconsistencies in federal statutes, and which is due to be tabled early this April.

The committee was pleased to accept the minister's undertaking and, therefore, has reported the bill without amendment.

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

Hon. Jacques Flynn: With leave, now.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I suppose that technically the immediate third reading of this bill requires leave. In considering the question of whether we should deal with it forthwith rather than in the usual way—that is, at the next sitting of the Senate—might we be informed of the date to which the Senate will adjourn?

Hon. Duff Roblin (Leader of the Government): Honourable senators, this provides an opportunity to consider the work of the house over the next while and to see whether there is any possibility of a meeting of minds as to what we should do. I think that I made it clear some time ago that there were three bills that the government was interested in moving forward. They are: Bill C-70, having to do with family allowances; Bill C-74, which we have before us at the moment; and Bill C-80, which is a financial bill. Our hope was that we would dispose of these bills this week. It now seems that that will not be the case, so I have considered what alternative course of action might be suitable.

I hope that we will be able to conclude third reading of Bill C-74 today. It is the first item for debate, and I think that we will provide ample time in which to discuss it. We would like to have Royal Assent to this bill this afternoon. However, in that respect, I have to admit that I am in the hands of the Senate.

With regard to the other two bills, I should be grateful if we could conclude second reading of Bill C-70, which has been before us for quite some time, and second reading of Bill C-80, which is the finance bill. The reason for asking that that be considered is because we have the question of the adjournment next week. If we proceed with second reading on those two bills, and deal with Bill C-74, then we could take the adjournment that the House of Commons is taking and, during the week that we are adjourned, ask the two committees that will be looking into the committee stage of Bill C-70 and Bill C-80 to function. I would need to be assured by the Senate that those committees would sit next week and get on with their job. In that case, the Senate would adjourn and come back the week after, as the House of Commons is doing.

I put that forward as being a reasonable compromise. I realize that on Bill C-80, although it has been in the committee on two occasions, and although there has been quite a lot of evidence given by the minister and half a dozen people from the department, there is a disposition on the part of some senators to have that bill considered further by the committee in order to deal with other aspects of the bill. My proposal would make it possible for committee hearings to take place on the finance bill next week, even though the Senate was not sitting, and also on Bill C-70.

I am aware that Bill C-70 is a contentious bill and I am aware that there is a great deal of interest in it on the other side of the house. I am also aware that there have been many speeches made, but that the bill has not been proceeding very fast on second reading, because people who have adjourned the debate have either not spoken or have not been present to do so. For one reason or another, it has been pretty slow going. However, the point that I think the opposition party has been trying to make, namely that they have serious objections to this bill, is now well established and it seems to me that since we have been told there are some 18 individuals or organizations who wish to appear to discuss the bill, it would do no harm to anyone's interests if we gave it second reading today and then, next week, the committee could hold their meetings in order to hear these 18 groups so that around the week of March 4, if I am not too much of an optimist, we might receive the bill back in the chamber for third reading and final consideration.

However, if the Senate is not disposed to follow that suggestion and we do not get second reading of these two bills and third reading of Bill C-74—and I am reconciled to the fact that that might be the case—then we will simply proceed with our normal course of business, that is to say, we will meet next

week and get on with it. However, as there is a workable alternative, which I think does no harm to anyone's interest, I thought I had better place this matter before the Senate to see what kind of response there would be to it.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, the preference of the government is clear from the notice of motion that is on the order paper which suggests that the Senate adjourn today until next Tuesday. I must say that, with respect to the Family Allowances bill, as far as we are concerned it is possible, unless there is an unforeseen desire on some senator's part to speak, to give that bill second reading today and to send it to committee.

However, in light of what Senator Leblanc said yesterday, and knowing his strong views on the Excise Tax bill, I think it would be almost irresponsible for the Senate to give that bill second reading today when it was clearly indicated to us yesterday by Senator Leblanc that he was not prepared to deal with the bill either yesterday or today. I think it would be quite impractical for us to decide at this moment that we were in a position to give that bill second reading. Therefore, if the Leader of the Government feels in that circumstance that we must come back next week, then we do not consider it necessary to give leave for the Representation bill to proceed to third reading today. I think that if the Leader of the Government is prepared to adjourn the Senate for the same period as the House of Commons, then some consideration could be given to giving third reading to Bill C-74 today. However, I do not think that it is possible to give second reading to the Excise Tax bill.

• (1430)

Senator Flynn: Senator Leblanc is here. He should be able to speak for himself.

Senator Frith: He did.

Senator Flynn: Today.

Senator Roblin: I wonder if I might be permitted to ask Senator Leblanc, in whose name the adjournment stands, whether he intends to speak to the bill today, and, if not, when he would he be speaking to it.

[*Translation*]

Hon. Fernand-E. Leblanc: Honourable senators, I indicated yesterday that I was not ready to speak immediately. I want to congratulate Senator Simard of New Brunswick who introduced the bill on second reading. I would like to scrutinize all the material he has presented, particularly that on equity.

At first blush it would appear that I do not agree with some of the documents mentioned by Senator Simard, but I must take some time to examine them.

[*English*]

Senator Roblin: I take it then that my honourable friend does not intend to speak to the bill this afternoon. Would he inform the house when he intends to speak to it?

[*Translation*]

Senator Flynn: Answer the question, it was directed to you.

[Senator Roblin.]

Senator Leblanc (Saurel): I did hear the question, honourable senators, but the answer is not easy. On the recommendation of my physician I will be out of the country for 15 days.

I will speak on second reading after I get back, on March 4 next. However, I discussed the matter with Senator Frith and he has my authorization to proceed while I am gone, if he wants to.

Senator Frith: Honourable senators, I want to put the matter into perspective. Even though Senator Leblanc will not be ready before March 4, if we do sit next week we will allow other senators to speak on this subject. There is no question of adjourning the debate to March 4.

Senator Flynn: It is not serious!

[*English*]

Senator Frith: Okay, then we won't. He said that it is not serious.

Senator Roblin: I find this an extraordinary situation. Here we have a government finance bill arising out of the last budget and the quite reasonable request of the government that the Senate deal with this measure before the next budget comes down, which is on February 26. Then, we have the information, given us by the gentleman who is the chairman of the committee that will deal with this bill, and in whose name the adjournment of the debate stands, saying that he is not going to speak to the bill today, that, in fact, he is leaving the country and will not be speaking on it until March 4.

Senator Frith: Keep going.

Senator Roblin: Am I to understand that, in spite of the fact that other senators might be speaking on the matter in the interval which, I am sure will be appropriate, we are to wait until March 4 when Senator Leblanc returns?

Senator Frith: That is the point I tried to make, and that Senator Flynn found so amusing. I said that that is not our intention. If we come back next week or the week after to deal with Bill C-80, we will deal with Bill C-80, and if the debate is completed we will not await the return of Senator Leblanc. The only thing now is that we believe that the bill should go the National Finance Committee. But we will not go on saying, "Sorry, we are going to keep adjourning it in Senator Leblanc's name." That is precisely what Senator Leblanc said. He said that he discussed it with me, and he did.

Senator Simard: Send it to committee.

Senator Frith: Senator Simard has something to add to help us along.

Senator Simard: Then let's send it to committee.

Senator MacEachen: But not today.

An Hon. Senator: Why not?

Senator Frith: Sure, why not send it right now with no debate! Let me put it this way. It is not our intention to apply the Simard formula, which is to send the bill to committee today without further debate. Let us get that clear. We believe that there should be more debate on the bill. I do not think

that I can make it any clearer. Having discussed the matter with Senator Leblanc, I said that if we come back to deal with this bill either next week or the following week or both, it would not be reasonable to hold the matter in his name for debate. So we would proceed with the second reading debate, and if we completed it we would not hold it in Senator Leblanc's name, but we would insist that the bill go to committee. That is all.

Senator Roblin: It seems to me quite unusual that a member of the Senate who is chairman of the committee to which the bill is to be sent, who knew at the time that he adjourned the debate yesterday that he would not be here to resume the debate, and who will not speak to the matter today, because, he says, he has matters of grave import that are bothering him that he wishes to ventilate in the Senate, is going to go away for two weeks and we will be dealing with the bill, anyway, in his absence.

Senator Frith: Forget it!

Senator Roblin: So his views will not be presented in that way.

Senator MacEachen: Forget it!

Senator Frith: Duff, come on!

Senator Roblin: This seems to me to be a very poor way to contribute to the operations of the Government of Canada in Parliament. Now, having said that—

Senator Frith: For the very reasons you mentioned, I raised this matter with Senator Leblanc.

Senator Roblin: Good for you!

Senator Frith: And you are still saying that it is unusual and improper. All I get for my pains is a lecture. Forget it!

Senator Roblin: You may have raised it with Senator Leblanc, but you did not do anything effective about it, did you? Nothing at all.

Senator Frith: Yes, I did. I dealt with the very question you are concerned about; namely, whether the bill would be held awaiting the return of Senator Leblanc.

Senator Roblin: Good for you! That's fine!

Senator Frith: I said that to you five times.

Senator Roblin: How delightful. It still means that we had this charade yesterday, the adjournment of the debate by an honourable senator who knew that he would not be here to debate the matter. If that is not a charade, I would like to know what is.

Senator Frith: So it is a charade. Well, we will remember that on another occasion.

Senator Roblin: Now, we come back to the main issue, and that is, what do we do next? It is perfectly obvious to me from what we have heard that the proposals I have made are not acceptable to the opposition. I have to accept that because there are more of them than there are of us. That is a fact one can never lose sight of in this chamber. I think that the best thing to do is to forget about the adjournment for the next week, and let the House of Commons go. We do not have to go. We can come back next week and conduct our business in the usual way from Tuesday on.

Some Hon. Senators: Hear, hear!

Senator Frith: We can forget about trying to be helpful.

Senator MacEachen: The Leader of the Government said that we should forget about an adjournment next week. That seems to me to be a bit misleading, because when you pick up the Scroll, which was delivered to my office at 12 o'clock, you see a motion saying that when the Senate adjourns today, it is to stand adjourned until Tuesday, February 18. It was my assumption from the moment—

Senator Frith: Talk about charades!

Senator Flynn: You must be losing your mind!

Senator MacEachen: —that the Scroll arrived in my office that we would be meeting next week. Therefore, we shall meet next week in accordance with the motion which was put forward by the government early this morning. Why go through this blackmail, with the government saying, "If you pass three bills instantly, you can go away next week." We are not buying that.

Senator Roblin: I have to tell my honourable friend, without betraying any confidences, that he knows that this is not the first time that the question of our activities for next week was raised. That is a fact. It is also a fact that the resolution we have on the order paper is a customary one, but that by no means prevents the Senate from making another arrangement if it deems it advisable to do so. We have done this on many occasions.

Senator Flynn: Silly behaviour!

Senator Frith: I agree, your behaviour.

Senator Roblin: In the past we have had the order paper printed with the regular resolution on it and then, in order to deal with the particular situation, we have adjusted our program accordingly. I was hopeful that we would be able to do the same thing again, but we cannot, so we are going to meet next week on Tuesday.

Senator Frith: Good!

Senator MacEachen: Honourable senators, I have a further point. Yesterday the Leader of the Government told us, as is recorded at page 2009 of *Debates of the Senate* the following:

> I am not urging undue haste in examining this bill because we certainly will have all of next week to do so.

That is the statement made by the Leader of the Government from his seat yesterday in reference to the bill that was to be spoken to by Senator Leblanc. I took him seriously, particularly when I saw the motion on the Scroll that we were to meet next week.

• (1440)

Senator Flynn: So what?

Senator MacEachen: We are meeting, so why come in now and say, "Give us leave for third reading of the Representation bill; give us the second reading of the Excise Tax Act without debate, and give us second reading of the Family Allowances bill, and if you do that, if you are meek and mild, I will change my mind and rescind my intention of calling the Senate back next week?"

Senator Roblin: It is perfectly clear that my honourable friend has got the bit in his teeth. He has expressed himself very clearly. All I can say to him is that I have tried to present a reasonable compromise, a compromise that I thought and hoped would meet with the approbation of the majority in this house.

I cannot be blamed for having some optimistic expectations as to how honourable senators will react, but now I see that I should have stood in bed.

Senator Frith: We feel the same way.

Senator Roblin: There is no point in trying to come to an accommodation, because an accommodation is not possible. I accept that fact and the adjournment motion will be proceeded with.

Senator Flynn: So, leave is not granted.

Senator Frith: No, leave is not granted.

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

Senator MacEachen: What an incompetent government! That is the perception—

Senator Flynn: What an incompetent Leader of the Opposition! The Leader of the Opposition does not understand the Senate at all.

Senator MacEachen: That is the perception of this government all across the country and in the Senate.

Senator Flynn: You should not be proud of yourself.

Senator MacEachen: I would not want you to be proud of me; that would be a bad day in my life.

Senator Flynn: Don't be silly.

ADJOURNMENT

Hon. Orville H. Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, February 18, 1986, at 2 o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

OIL PRICING

Hon. H. A. Olson: Honourable senators, I wish to advise the Leader of the Government in the Senate that the situation respecting the oil industry is continuing to deteriorate. I was hoping that he would reply today because I thought that the Senate would not meet next week—certainly the House of Commons will not meet next week. I am still hoping he can do so.

Notice is being given now—not sometime later—by a number of companies that exploration and development activity is coming to a halt. There are drilling companies and service and supply companies severely curtailing their activities. The reason is that more and more oil and gas companies are giving notice of reducing exploration and development activity. They are cutting their budgets and they are laying off personnel.

I hope that the Leader of the Government is prepared to give at least some glimmer of hope that this government is contemplating action to deal with this very serious economic deterioration.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have nothing to add to the statements I made previously on this subject.

INTERNATIONAL OIL PRICING—AGENDA ITEM AT ECONOMIC SUMMIT

Hon. Jack Austin: Following on Senator Olson's question, the Leader of the Government will know that an economic summit is to be held in Japan during the first week of May of this year and that the Prime Minister will be representing Canada at that summit.

I should like to ask the Leader of the Government whether the subject of international oil pricing is an agreed agenda item at the summit meeting, as undoubtedly it should be, bearing in mind the impact international oil pricing has on the world's economy.

If it is the case that international oil pricing will be on the agenda, could the Leader of the Government in the Senate advise us what position the Government of Canada might take with its economic summit partners with respect to establishing, at least for those seven nations, a floor price of some kind to ensure that domestic production is sustained, that the service industries to which Senator Olson referred are kept intact, and that there is not a destruction of the structural part of our oil industry or our ability to carry out exploration and development as a result of a serious price decline.

If the Leader of the Government finds that these questions are not yet current, I wonder whether he would undertake to make representations, particularly on behalf of the oil-producing provinces of western Canada.

Hon. Duff Roblin (Leader of the Government): I take the question very seriously and will see that my honourable friend's comments are conveyed to the appropriate quarters.

AGRICULTURE

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, I wonder if I could ask the Leader of the Government in the Senate once again whether he has anything to report on the progress of the sugar-beet deliberations. We are getting to the time when farmers will be under extreme pressure to place orders so that they can grow a crop this year. I wonder whether some kind of answer can be given to them fairly quickly. All the deadlines are fast approaching.

Hon. Duff Roblin (Leader of the Government): I think the answer to the question is, yes, some answer can be given quite quickly, but I cannot give it today.

Hon. H. A. Olson: Honourable senators, I have a supplementary question. Essentially, that is the same reply we have been receiving for the past several weeks. We have heard that it will be soon, and as we move along, I guess it will be sooner, and so forth.

I should like the Leader of the Government to know that it may be that wholesale houses and other farm and agricultural product suppliers have put in the necessary chemicals—that is, herbicides, and so forth—that are specifically required for growing a sugar-beet crop, but that is not being done in Alberta because there is no agreement between the sugar-beet producers and the processors to grow a crop. The service and supply companies are not prepared to put in those supplies to deal with a 1986 crop until they are assured there is going to be one.

What is delaying an agreement between the producer organizations and the processors in Alberta is the lack of knowledge of what the federal government's sugar-beet policy, or sugar policy, is going to be. The time for that to be made known is not next week or some time soon, it is now. If those supplies are not put in, it will not be possible to cope with the physical requirements for producing a crop in 1986.

Senator Roblin: I am well aware of my honourable friend's point and I will take it into account.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a few delayed answers to oral questions.

CANADIAN NATIONAL RAILWAYS

BOARD OF DIRECTORS—REPLACEMENT OF MEMBERS

Hon. Duff Roblin (Leader of the Government): Honourable senators, the first is in response to a question asked in the Senate some time ago by Senator Frith regarding CN.

Hon. Royce Frith (Deputy Leader of the Opposition): What was that question again?

Senator Roblin: You wanted to know about the directors. Do you want to hear the answer?

Senator Frith: Yes.

Senator Roblin: Some existing board members had philosophical differences with the policy changes the government is enacting at CN. Betty Hughes' resignation was solicited and offered. The three members who resigned on April 30, 1985, also had their resignations solicited following a re-organization of the management structure at CN.

AGRICULTURE

WESTERN CANADA—DROUGHT AND OTHER CONDITIONS—GOVERNMENT ASSISTANCE

Hon. Duff Roblin (Leader of the Government): Honourable senators, the second question was posed by the Honourable Senator Olson and related to the question of the payment of drought assistance.

The cheques started to go out on February 10, so a good many of them are in the hands of farmers now.

I thought I would reply to that orally because it is a short answer.

MEAT IMPORT ACT

TABLING OF REPORTS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on January 28 last by the Honourable Senator Godfrey regarding Meat Import Act—Tabling of Reports.

(*The answer follows:*)

With reference to the reporting period of the Meat Import Act, the Act simply states:

> As soon as practicable after the 31st day of December in each year, the Minister shall prepare and lay before Parliament a report of the operations under this act for that year.

As a result of some procedural problems as to how these reports should be prepared and issued, as well as trade data verification and preparation, the tabling of the 1983 Annual Report was delayed. However many of these problems had been clarified by the time the preparation of the 1984 report had started. Therefore the release of the 1984 report overlapped with the issue of the 1983 report and this resulted in both reports being tabled at the same time.

In the normal course of events, year-end trade data is not available until the middle of the following year. Therefore the preparation of the report cannot begin until that time. It is expected that the 1985 report will be ready shortly after the trade data becomes available. Therefore

the delays experienced with the 1983-1984 reports should not be repeated.

● (1450)

ROYAL CANADIAN MOUNTED POLICE ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Doyle, seconded by the Honourable Senator David, for the second reading of the Bill C-65, intituled: "An Act to amend the Royal Canadian Mounted Police Act and other Acts in consequence thereof".—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the background to Bill C-65 was covered yesterday by Senator Doyle in his most engaging speech.

The principal provisions of the bill are twofold. The first is the setting up of a scheme for public complaints; and the second is some reform of the internal grievance and discipline procedures.

Most of what we need to know on second reading was provided to us by Senator Doyle when he gave us a history of this bill, going back, particularly, to the report of the Marin commission. What is left is a matter of the few nagging questions which appear through all these proceedings. By that, I do not mean all of the proceedings referred to by Senator Doyle, but I would particularly recommend to honourable senators the proceedings of the Standing Senate Committee on Legal and Constitutional Affairs in 1984 when it was considering Bill C-13, to amend the Royal Canadian Mounted Police Act. That bill is almost a duplicate of the present bill and, certainly, its very legitimate parent.

I specifically refer to Issue No. 6 of May 8, 1984, which dealt entirely with Bill C-13 when the witness was the former Solicitor General of Canada, the Honourable Robert Kaplan. There also appeared at that time Mr. Robert H. Simmonds, the Commissioner of the Royal Canadian Mounted Police, and Mr. J.M. Shoemaker, Senior Assistant, Deputy Solicitor General, Police and Security Branch. Honourable senators who are interested in the previous senatorial activity concerning this bill will find these proceedings most edifying.

The next issue is that of May 15, 1984, Issue No. 8. The witnesses at that time, from the Royal Canadian Mounted Police, were as follows: Mr. Roy Moffatt, Deputy Commissioner; Mr. Brian L. Campbell, Superintendent, Internal Affairs Branch; and Mr. Albert Gramolini, Inspector. Then there is Issue No. 12 of June 5, 1984, which dealt entirely with the subject matter of Bill C-13.

I am citing these proceedings and witnesses so that honourable senators will understand that in addition to the long history of this bill as outlined by Senator Doyle, there is a significant history of the predecessor bill in the Senate.

[Senator Roblin.]

In Issue No. 12, the witnesses appearing from the Association of 17 Divisions Inc. were Mr. Gaétan Delisle, President; Mr. Bruno Lavoie, Vice-President; and Mr. Victor A. Carbonneau, Barrister, Solicitor.

Now Issue No. 14 dealt with Bill C-13 as well as another bill which is not relevant today. On that occasion, there appeared from the Division Staff Relations Representatives Program (RCMP): Staff Sergeant F.R. Davis, Chairman; Staff Sergeant R.H. Preston, member; and Sergeant D.G. Harrison, member.

You will be glad to know, honourable senators, that there are only two more issues to which I should like to refer. One is Issue No. 16 of June 13, which was again devoted entirely to the subject matter of Bill C-13, the predecessor to Bill C-65. The witness at that time was the Honourable Brian R.D. Smith, Q.C., Attorney General, British Columbia. He had an interesting perspective that had not been raised previously and one that you can imagine would arise from the fact that, in some of our provinces, the RCMP is responsible for the policing of the province. I recommend Mr. Smith's evidence about the extent to which the attorney general of a province has any active role in dealing with the RCMP when it is acting as the provincial police force.

The last issue to which I should like to refer is Issue No. 17 which dealt with Bill C-16, another bill, but it also dealt with the subject matter of Bill C-13. The witness at that time was Mr. A. Alan Borovoy, General Counsel, Canadian Civil Liberties Association. Mr. Borovoy was, in my opinion, a very important witness.

Honourable senators, I am not going to read through all of these proceedings, but I have underlined all the significant parts of the evidence of all of those witnesses. I would recommend that any honourable senator interested should read those sections of testimony.

I propose to tell you what seemed to me to be the essence of the doubts that remain with respect to Bill C-65 and its predecessor, Bill C-13.

As I mentioned, there are two main branches to this bill: There is the Public Complaints Commission and the reform of the force's internal discipline and grievance procedures.

I will deal, first, with the Public Complaints Commission. This has had a long history through to the Marin commission which Senator Doyle told us about yesterday. If you read all of these proceedings in the House of Commons and, particularly, those in the Senate—because the debates in the Senate received quite elaborate reference as sources of material for speakers in the other place—in essence, it seems to me that the problems left with regard to the Public Complaints Commission boil down to three or four complaints.

The first is the question of the bill's model for the Public Complaints Commission when compared with the recommendations of the Marin commission. The essential difference between them is that Judge Marin recommended a single ombudsman, whereas the bill before us and its predecessor set up a commission of 12. That point runs through the reports of

the hearings. There was some concern about whether that was the most efficient method.

Honourable senators, still dealing with the first subject, the second complaint deals with the powers of the commission. This commission is much more limited than was recommended by Judge Marin. I am sure honourable senators understand that the question we are dealing with relates to complaints from the public. This is the first time the public has been in a position to have a formal structure for laying complaints against the Royal Canadian Mounted Police. This second area deals with the powers of the commission. It can make no final decision; it can only make recommendations.

Honourable senators, I notice that Senator Doyle has just returned to the chamber. I am going through the hearings and trying to isolate or focus on what is left of some lingering doubts or nagging questions concerning this legislation. The first matter I mentioned was the Public Complaints Commission and the bill model versus the Marin model. Secondly, I mentioned the limitation of the powers. What are those limitations? First, there is no final decision to be made by this commission; it can only make recommendations. Running through these proceedings there was quite a bit of doubt and reservation concerning the second problem with regard to the powers—which is, that they cannot conduct their own investigation. If any member of the public makes a complaint to the commission, the complaint is investigated by the RCMP. In other words, in essence, the defendant investigates the complaint against him. There is also the fact that the commissioner, despite the existence of this commission, still has the power to refuse or terminate an investigation of a complaint.

● (1500)

The third major branch under this heading—and I believe there are only these three, basically—is the definition of "complaint". The problem with that is that the definition of "complaint" in the Marin commission was wider than the definition of "complaint" here. It boils down to the fact that a person can make a complaint under this legislation against an officer or other person with regard to behaviour, but he cannot make a complaint with regard to the administration of the RCMP, or whether it has sufficient force to police an area. If, for example, someone in a remote area wishes to complain that the area is not being properly policed, such a complaint does not fall under this legislation and could not go to the commission.

Therefore, for the first main branch of this bill—namely, the Public Complaints Commission—I believe there is a good deal of support. As Senator Doyle has pointed out, there has been a long history associated with this legislation. A good deal of work has gone into this bill, and it has many good features; but those three features are shown as *Leitmotifs* through all of the proceedings before the Senate committee that dealt with the bill's predecessor.

Now, on the second and main part of this bill—namely, the private or internal side dealing with the question of grievance procedures and discipline within the force—there is plenty of evidence of quite widespread support among members of the force for this aspect of the legislation. That, of course, should weigh heavily with us, because while I believe that we should be very particular about the provisions as they relate to complaints coming from outside, naturally, insofar as the discipline within the force is concerned, if most of the members of the force are in favour of it, then that should weigh heavily with us in supporting this part of the bill.

The only substantial—I think I can call it that—complaint about this branch of the bill came from the Association of 17 Divisions. I thought they had some rather serious reservations, which they outlined quite clearly. They were questions of interpretation, it is true, but they were questions of interpretation with important consequences, as they outlined them. Essentially they emphasized the question of suspension without pay where only a charge exists. There have been examples given of how, in their view, the power, which the commissioner has, to suspend without pay where any serious charge is made has had unfair consequences.

Therefore, honourable senators, I believe that we should support the principle of this bill on second reading. There are four or five subject matters which have a question mark, as I have outlined them from the material I have read, and I believe that quite clearly they should go before the very committee where the questions were raised. Certainly the committee should have an opportunity to update its work. It has held four meetings and has received very heterogeneous and eclectic submissions. The committee should have an opportunity to consider those matters which are the subject of question marks and which I found to be still outstanding, plus any other questions that might be raised. Therefore, I recommend that we give second reading to the bill—but, of course, if any other honourable senator wishes to speak on second reading, he may do so—and that we refer the bill to the Standing Senate Committee on Legal and Constitutional Affairs for study and report.

Hon. Richard J. Doyle: Honourable senators—

The Hon. the Speaker *pro tempore:* I wish to inform the Senate that if the Honourable Senator Doyle speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Doyle: Honourable senators, I apologize to the Deputy Leader of the Opposition for not being in the chamber for the first part of his presentation. I agree that we should give the bill second reading now and that we should be prepared to refer it to the Standing Senate Committee on Legal and Constitutional Affairs for further study.

Senator Frith: Since Senator Doyle has been good enough to locate some quotations for me, perhaps he will not consider it impertinent of me to make the following comment. The honourable senator, in the course of his speech yesterday, said:

> . . . the only thing we have in common with the gods is our infinite capacity to grind slowly.

It had occurred to me that it was not "the gods" that grind slowly; so I took the trouble to look up the quotation. I found that it came from a person who is not exactly a household

name, namely, Friedrich von Logau who lived from 1604 to 1655. In a work called *Retribution*, he is reported to have said:

> Though the mills of God grind slowly, yet they grind exceeding small.

Senator Doyle: I think the honourable senator will find that it varies according to which version of *Familiar Quotations* is used. There are several attributions for this. There have been several versions of it, and I would be delighted to be the author of one of them.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Doyle, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Simard, seconded by the Honourable Senator David, for the second reading of the Bill C-80, intituled: "An Act to amend the Excise Tax Act and the Excise Act and to amend other Acts in consequence thereof".—(*Honourable Senator Leblanc (Saurel)*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I should like to ask that this order stand in the name of the Honourable Senator MacEachen.

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

Hon. Senators: Agreed.

Order stands in name of Senator MacEachen.

[*Translation*]

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Tremblay, seconded by the Honourable Senator Murray, for the second reading of the Bill C-70, intituled: "An Act to amend the Family Allowances Act, 1973".—(*Honourable Senator Thériault*).

Hon. Norbert L. Thériault: Very briefly, honourable senators, I would like to explain my position concerning Bill C-70 which, in my judgment, will have the effect of totally destroying the family allowances system as we have known it since 1943.

[*English*]

First, I wish to apologize to the government members in the Senate and to the Leader of the Government if I am responsible for delaying the sending of this bill to committee for study. Nevertheless, I cannot, in good conscience, let this kind of legislation go through without making my objections known.

• (1510)

Honourable senators, over the years the federal government, along with the provincial governments, in a complementary way, has established in this country what has become known as the social safety net for the poorer residents of Canada. That took a long time, and, while the great majority of social legislation that exists today at the national level was passed or enacted by the federal Liberal Party when it was the Government of Canada, nevertheless, I am convinced that many of these measures were urged upon the government by the New Democratic Party. For that reason, I believe that that political party deserves credit. I think that that has been recognized by a number of people, as it has been recognized by me.

Honourable senators, I am speaking about the principle of providing people with the means for a decent, or at least a half decent, way of life—of providing the poorer people with food, shelter, clothing and education, the necessities of life. Naturally, as a liberal thinker and as a supporter of the Liberal Party, I grew up thinking that the Conservative Party of the days when I was young or before I was born was a right wing party which did not believe in social measures. I thought that the Liberal and New Democratic parties were the opposite and believed that the state should, at times, interfere to assist those people who could not fend for themselves. Over the years, I have had to recognize that this was not necessarily true. The records are there to show that the Conservative Party of the day opposed the establishment of the family allowance because, in its thinking, the country could not afford it. Nevertheless, after 1957 when the Conservatives formed the government under the leadership of the Honourable John Diefenbaker, there were some social measures passed by that government.

I remember clearly how, during the campaign of 1956 or 1957, Mr. Diefenbaker accused the Liberal government of being niggardly because it increased the old age pension by only $6 a month; he called them the "six buck boys." And people listened to him. When Mr. Diefenbaker became the Prime Minister, he did increase the old age pensions by a larger amount, although I do not recall exactly what that figure was, and he did introduce other social measures at that time.

Naturally, the Liberals came back into office in 1962 under the leadership of Mr. Pearson. We then saw an avalanche of social measures, which almost completed the much needed welfare or social security system that is necessary in a country like ours. I recall that, in my own province in 1970, I was a member of the government. There was an election; we were defeated and the Progressive Conservative Party came into office. Because of the experience that I had during those years from 1957 to 1963, I felt that the government of the day would continue with the social measures that we had established in 1956. In fact, we had instigated what was almost a revolution in the distribution of social measures to the people of my

province. I was not disappointed, because the government of 1970, under Mr. Hatfield, proceeded with further social measures. Two of my former colleagues in the legislature of New Brunswick have joined me in this chamber. They are the Honourable Senator Robertson and the Honourable Senator Simard. I must say that I was pleased that, in spite of the fact that their party had fought politically what we tried to do between 1960 and 1970, once it formed the government, it continued and improved upon some of the measures that we had begun. The people of New Brunswick, as has been pointed out by Senator McElman, recognized that and continued to re-elect that party in three or four consecutive elections.

In 1984, after a long period during which the Liberal Party had formed the Government of Canada, there arrived on the scene a politician who took this country by storm. He became the leader of the Conservative Party. He went from one end of the country to the other, saying to the people of Canada that it was time for a change—saying to the people of Canada that they did not have to worry about such change, that every bit of social legislation that had been put in place by the previous governments would be a sacred trust to him and that, not only would he continue with those programs, but he would improve upon them.

Honourable senators know that the people of Canada believed him. This is why I am speaking today. The government had only just assumed power when we started to hear rumblings. Honourable senators, in all political parties—at least, it has been my experience that this is so—there are the conservative thinkers and there are those who think more liberally. But, like the majority of Canadians, I believed that the Prime Minister was a liberal thinker. I believed him. He came from humble beginnings; he had worked his way up the ladder, and I believed that he recognized that there are people in this country who need the assistance of the government. I presume, without knowing this for a fact, that there must have been a heck of a battle in that caucus. But, to my despair, I believe that the right-wingers have won.

Honourable senators, I am concerned about that. I am concerned because there are all kinds of signs that the entire spectrum of the social life of this country is being placed in jeopardy. We know that the country has gone through a recession over the past four or five years. We know that the deficit is high—too high. We know that the government has had to restrain expenditures. As a matter of fact, that restraint began before this government took over. But the leader of the Conservative Party, who is now the Prime Minister of this country, has said to the Canadian people that although the government will cut expenditures, it will never do that on the backs of the poor, the weak and the unemployed. But that is not what has happened. I am surprised at this, and I plead with my colleagues— especially those I know on the government side of the chamber, two of whom I named earlier—people who I know have a social conscience. How can they, in good conscience, support this kind of legislation? As I have said, this is a great worry to me. We had a good example of this policy in connection with old age pensions and in connection with unemployment insurance. We have a concrete example of it in this bill, which, I presume, will be passed. At every turn, at every corner, there is a demonstration by this government that it will cut expenditures and that it will do so on the backs of those who cannot afford it. I think that that is wrong. I believe that this country can afford the kind of social legislation that we have. I believe we can afford still better social legislation. I am worried, and I think I express not only my own fear but that of all seniors in this country. Right now, the seniors in this country are wondering what will happen in the February 26 budget. They do not trust the Prime Minister any more. He gave them his word two years ago; he did not keep his word. The government tried to reduce the amount paid to old age pensioners with another piece of legislation. They did not succeed, but the threat is there, and this is important.

• (1520)

Now the people who are in need, especially single mothers and the poor people who need this measly little cheque of $30 per month that they receive, are wondering what will happen. They are worried not only that it will not increase, because it could very well not increase at all if the inflation rate is below 3 per cent, but they are wondering whether, in fact, the government will keep that program. I say to you, honourable senators, that if you examine the social programs of any given country, you will find that over the years those programs that have been established solely for the poor have become poorer programs. That is why universality is important and I tell you, honourable senators, that if you take a program and you fit it only to those who are really in need, what happens is that the majority of the taxpayers who, over the long haul, do not receive any benefit from that program will put pressure on governments, because governments are formed by politicians who must be elected, and, therefore, those programs will, year by year, become less and less. That is why I am so proud to have been and still to be a Liberal, because the Liberal Party saw that happening years ago. I say to you, honourable senators, that to me this philosophy of giving just a little bit to the poor is apparent throughout the operation of this government. I see it in the cuts to regional development programs.

Today, in February of 1986, and for the last year, the economy has come back. Jobs have been created, and I do not blame the government or the Prime Minister for taking credit for those improvements. When jobs are scarce and unemployment is high, governments are blamed and that is a fact of life. Not that I really believe that governments can create jobs, but that is the way it is.

However, I asked my colleagues from the Atlantic provinces to look at the situation as it exists today in New Brunswick, in Nova Scotia, in P.E.I. and in Newfoundland. The situation in those provinces today is worse than it was in 1981 and in 1982. The unemployment rates are higher and the need for social programs is greater; the need is greater for a more generous Unemployment Insurance program and for all kinds of social programs. I ask you, honourable senators, what is to happen to the Atlantic provinces?

I asked my colleagues from the Atlantic provinces on the government side to really take a look at the situation in their provinces and to look at the projections of this government. This government intends to cut again into the transfer payments to the provinces. I asked my two colleagues who were, until just recently, members of the Government of New Brunswick, where that government, regardless of its political stripe, will get the funds to continue with the social programs that exist in New Brunswick today. Where will it get the funds to try and operate the hospitals, because today in New Brunswick, hospital beds are closed because the government does not have the money to finance the hospitals and hire the staff that is required to operate those hospitals? Where will the Government of New Brunswick get the money to continue with the higher education programs, the post-secondary education programs and the training programs, because the federal government has already made clear its intention to cut back on the transfer payments? Again, it is the same philosophy that is being applied.

I presume that Ontario will get along fine. British Columbia may be all right and Alberta, we do not know. However, central Canada will get along fine. Jobs have been created there in the last two or three years, but not in the Atlantic provinces. I plead with the government of the day and with the members of this house who are members of the government to impress upon their colleagues not to detract from the situation as we know it today.

There are poor people in this country today and, honourable senators, poverty is a relative thing. The higher the standard of living, the more relative poverty becomes. In other words, you do not really need to be hungry in order to be poor. When your children go to school with no money to buy their lunch in the cafeteria or when they are not dressed like the others, they are poor and they cannot compete. This is why, in this country, we have had all these social programs and this is why I am concerned.

Honourable senators, I believe that this is wrong legislation; that it is bad legislation. It is a conscious decision by the government of the day to be concerned with budgets. I believe that governments must be concerned with budgets, but I think it was the Minister of Justice who said two or three weeks ago: "What is the sense of making all these cuts? We will not be there after the next election." Honourable senators, that is the truth and I tell you that if this government keeps on this track of withdrawing services from those who need them, and withdrawing transfer payments from those areas of the country that need those payments, and of withdrawing from the policies of attempting to create jobs in areas where jobs are needed, then they will be defeated at the next election, and they will have deserved it.

● (1530)

[*Translation*]

Hon. Arthur Tremblay: Honourable senators—

[Senator Th]

The Hon. the Speaker *pro tempore:* Honourable senators, if Senator Tremblay speaks now, his remarks will have the effect of closing the debate on second reading of this bill.

Senator Tremblay: Honourable senators, I did not intend to speak at length at this stage. I think I echo the views of all senators when I say that the sooner we adopt this bill on second reading, the sooner it will be referred to committee so as to accommodate those who have already made the request to appear, and the sooner those groups are heard, the better it will be.

However I cannot let go unnoticed some of the comments made by Senator Thériault. He told us he does not understand how people who have a modicum of social conscience would advocate provisions such as those contained in Bill C-70.

For my part, I find it hard to understand why Senator Thériault and several others who took part in this debate did not put Bill C-70 in the overall context of the government's legislative program. We said so from the outset and I say it again today: it is quite obvious that, by itself, exclusively and within a narrow scope, by proposing moderate rather than pure and simple indexation, Bill C-70 will indeed slow down the growth rate of family allowances.

The purpose of this bill becomes clear when taken in its wider context. Child benefits as a whole have to be considered if we want to have a fair idea of the results.

As a matter of fact, two days ago we adopted Bill C-84 which contains provisions concerning the child tax credit and exemptions. If we look at it from that angle, the conclusions are the same.

As evidence of this, there is what Senator Marsden said the other day. She said that she agreed completely that the tax credit should be improved.

The other day, Senator Godfrey mentioned that the child tax exemption could very well be phased out.

What do these two comments show? They underline the principle that the target group we should try to help is that of the disadvantaged, of the people with the lowest income. Future child benefit policy should therefore be directed at enriching the tax credit.

As I pointed out in my original intervention, this principle was implemented in 1979 by the previous government. I am personally convinced that this was a turning point which showed how we should proceed.

This government is following the same direction by enriching the tax credit. I do not understand why Bill C-70 should be criticized instead of being placed in the proper context, namely that the government is implementing a complete system. It is still not perfect, even with the improvements brought about by the two bills we have discussed. A lot remains to be done and it is with this in mind that we should be working.

In his speech, Senator Thériault associated the concept of universality with the comments on which I have just enlarged. Where does universality reside? It is only a myth. As concerns family allowances, pure and simple universality existed in the

beginning because they were not taxable. They became taxable in 1973 at the same time as they increased from $12 to $20 a month. Well, where is universality? There is universality in the mailing of the cheques, but not in the benefits since the government takes back part of these benefits based on the income of the recipient.

What does this myth of universality mean? I do not understand it myself. The cheques will continue to be sent to everyone. There is no relationship between the amount of the cheque and its universal character, if we do maintain that there is universality at this time. In this case, universality is not based on the amount of the benefits. It is based on the mailing of a uniform cheque, which is the same for everyone. This would be complete universality if it remained the same. However, because of the later compensatory mechanism, it becomes what I would call adjusted universality. Universality no longer exists if it is adjusted. The concept of universality is always being raised during the debates. However, it does not exist.

I would like to add another comment about some observations made by Senator Thériault which I found really surprising. If I am not mistaken, he said at one point that programs aimed mostly at the disadvantaged, at the poor, would also be poor programs.

Senator Thériault: That is true.

Senator Tremblay: The formula is interesting, but it is only juggling with words. Let us look at the real problem: What are you saying actually? We should avoid targetting social policy—at the less well off.

Senator Thériault: Not exclusively.

Senator Tremblay: But there, I fail to understand. Any social policy, whatever the details, is targetted at people in need. Also, there are transfers from the haves to—

Senator Thériault: That is true.

Senator Tremblay: It is in the nature of things to use the income tax system, among other things. What should be done? If the tax is progressive, there is a transfer of wealth to the poor. You are not, for all that, going to give back to the rich what you have just taken from them in order to give to the poor. How is that possible? No system can be established on that basis.

No, I must be somewhat obtuse, but there must be something I do not grasp. Honestly, I do not see the logic in that approach.

This being said, honourable senators, I will go no further. The principle of transferring wealth by way of the income tax credit, a program that is really reaching the right target, those who are most in need, is a step in the right direction.

I will stress again that this can be changed. It is in that direction that the Committee on Social Affairs, Science and Technology has worked according to its own program. As I said in the beginning, this is where personally I feel I can propose with a clear conscience the adoption of the bill at second reading stage.

Motion agreed to and bill read second time on division.

REFERRED TO COMMITTEE

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

On motion of Senator Tremblay, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF SENATE

Hon. Arthur Tremblay: Honourable senators, with leave of the Senate, and notwithstanding rule 45(1), I move: That the Standing Senate Committee on Social Affairs, Science and Technology be authorized, next week to meet during sittings of the Senate.

During the period of time when it would have to hear witnesses, the list of which is already quite long, and if the Senate is to sit next week for instance, I therefore ask that rule 76(4) be waived.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, if I am not mistaken, at the beginning of this session all the Senate standing committees were authorized so to meet, but I am not sure about it. In any event, you are now authorized. But I think that authority was granted to the committees individually. If I am mistaken, you have that authority in any case.

If leave is required, it has already been granted. If not, you have it already.

Senator Tremblay: Let us say if need be.

Senator Frith: Agreed.

The Hon. the Speaker *pro tempore:* I believe authority is granted generally, to enable committees to meet once the Senate is adjourned. But when the Senate is sitting, there must be special leave from the Senate. Therefore, is leave granted?

Senator Frith: Yes, if need be.

The Hon. the Speaker *pro tempore:* It is moved by Senator Tremblay, notwithstanding rule 45(1), that the Standing Senate Committee on Social Affairs, Science and Technology be authorized to meet next week during sittings of the Senate, and that rule 76(4) be waived in that respect.

Senator Frith: To make things clear, once the Senate is adjourned we do not need that, but when the Senate is sitting at the same time, I beg your pardon, we need it.

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

Some Hon. Senators: Agreed.

Motion agreed to.

• (1540)

[*English*]

PUBLIC PENSIONS REPORTING BILL

SECOND READING

Hon. Brenda M. Robertson moved the second reading of Bill C-255, to impose reporting requirements with respect to public pension plans and to amend certain Acts in consequence thereof.

She said: Honourable senators, this week a private member's bill received House of Commons approval, the first time in 11 years that such a bill has been so blessed. Bill C-255 was introduced by Paul McCrossan, P.C., York-Scarborough, a Toronto actuary. The bill requires the government to give a regular public accounting of its financial commitments to public pensions. It requires that the Minister of Finance table triennial actuarial valuations of pension plans established under the Canadian Forces Superannuation Act, the Members of Parliament Retiring Allowances Act, the Public Service Superannuation Act and the Supplementary Retirement Benefits Act. It also requires an actuarial valuation of the Canada Pension Plan every three years instead of every five years as is now the case. It also requires a detailed estimate of benefits payable under the Old Age Security Act.

Such reporting, honourable senators, has been called for by the Auditor General and a Special Parliamentary Committee on Pension Reform. The bill was introduced early this year and was referred to a legislative committee for study. The committee reported the bill to the House of Commons this week, and the bill was voted on and has the support of all parties. The McCrossan bill is regarded as a breakthrough for private members seeking to have legislation of their own making come before the House of Commons for debate and approval. The move is in keeping with the parliamentary reforms recommended by the Special Committee on Reform of the House of Commons which, last year, recommended the strengthening of the role of the private member of Parliament.

Perhaps in clear terms, this bill requires the government to file, for the first time, the estimated costs of the OAS, the Guaranteed Income Supplement and spouses' benefits. The Auditor General devoted an entire section of his most recent report expressing his concern that MPs do not have adequate information to assess the public pension programs, and calling for increased periodic disclosure of the ultimate costs of OAS and CPP programs, as provided for in this bill. The bill also ensures that government employees have full disclosure of the full and true costs of their benefits.

Bill C-255 was enthusiastically supported by both Liberal and NDP spokesmen, who referred to the expertise Mr. McCrossan could bring in ensuring that MPs receive current and adequate information about government pension commitments.

Honourable senators, if you have had the opportunity of reading Bill C-255, you will have noticed that there is an excellent explanation for each clause; however, because it is a technical bill, and because I am not sure how much we know about these matters—I confess myself that I have not studied these matters in detail—I suggest that the bill be referred to the Standing Senate Committee on Social Affairs, Science and Technology. I understand that Senator McElman has a few comments to add, but certainly if that is the wish of the Senate, I would be prepared to move that it be referred to that committee.

Hon. Charles McElman: Honourable senators, I thank Senator Robertson for her concise explanation of the bill. It is a rather extraordinary circumstance by which it reaches us. As Senator Robertson explained, Mr. McCrossan, a private member, brought this before the other house, and he does have a great deal of expertise in this field.

The bill, as originally presented for first reading, received a very careful study in committee of the other place, and it was extensively amended, but not in principle; it was a matter of the bureaucrats advising how it could be put in better form for its administration.

Senator Robertson is quite right when she said that the bill did receive the enthusiastic support of all three parties in the House of Commons. In fact, debate on third reading took place not only in one day, but in a rather short period of time.

This bill, unquestionably, will improve the reporting procedures to Parliament with respect to pension programs that Parliament has put in place, and it will be to the benefit of Parliament to have a more thorough financial accounting, on an actuarial basis, of how these programs are being carried forward. So, the effects of the bill can be only beneficial.

I subscribe to the proposal made by Senator Robertson that the bill be referred to the Standing Senate Committee on Social Affairs, Science and Technology, for a number of reasons. First of all, I hold to the view that most bills, unless they are bills of absolute simplicity, should be referred to committees. I do not think consideration by that committee will take too long, but the bill should be referred to that committee.

That is all one need say without repeating the words of the sponsor of the bill.

Motion agreed to and bill read second time.

• (1550)

REFERRED TO COMMITTEE

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

On motion of Senator Robertson, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting of the Senate was resumed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

13 February 1986

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 13th day of February, 1986, at 5.45 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,
Léopold H. Amyot
Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act respecting Customs (*Bill C-59, chapter 1*).

An Act to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act (*Bill C-82, Chapter 2*).

An Act to amend the Divorce Act (*Bill C-46, Chapter 3*).

An Act respecting divorce and corollary relief (*Bill C-47, Chapter 4*).

An Act to provide for the release of information that may assist in locating defaulting spouses and other persons and to permit, for the enforcement of support orders and support provisions, the garnishment and attachment of certain moneys payable by Her Majesty in right of Canada (*Bill C-48, Chapter 5*).

An Act to amend the Income Tax Act and related statutes and to amend the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Financial Administration Act and the Petroleum and Gas Revenue Tax Act (*Bill C-84, Chapter 6*).

An Act to implement an agreement between Canada and the Union of Soviet Socialist Republics, a convention between Canada and the Cooperative Republic of Guyana and an agreement between Canada and India for the avoidance of double taxation with respect to income tax (*Bill S-6, Chapter 7*).

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, February 18, 1986, at 2 p.m.

THE SENATE

Tuesday, February 18, 1986

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

Prayers.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REVISED TWENTY-FOURTH REPORT OF COMMITTEE TABLED

The Hon. the Speaker, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's revised twenty-fourth report, approving the supplementary budget of the Special Senate Committee on Youth.

(*For text of revised report see today's* Minutes of the Proceedings of the Senate).

LITHUANIA

SIXTY-EIGHTH ANNIVERSARY OF PROCLAMATION OF INDEPENDENCE

Hon. Rhéal Bélisle: Honourable senators, for many years it has been the custom of Senator Paul Yuzyk and Senator Stanley Haidasz to call to the attention of the Senate an important anniversary celebrated by Lithuanians living in Canada.

Honourable senators, February 16, 1986, marked the sixty-eighth anniversary of the proclamation of the Restoration of Independence of Lithuania. The establishment of the Lithuanian Democratic Republic is widely celebrated by Lithuanians in Canada, the United States, Australia and many European countries.

After a remarkable period of statehood and empire established by King Mindaugas in 1251, Lithuania was subjugated by the Russian tsarist regime from 1795 until 1915. But on February 16, 1918, at the end of World War I, by the will of her people, Lithuania again became a free country with an advanced democratic constitution.

This freedom, however, came to an abrupt end when the Soviet Union, after the signing of the Hitler-Stalin Non-Aggression Pact in 1939, occupied the three Baltic states, Lithuania, Latvia and Estonia, in June 1940 and forcibly incorporated them into the U.S.S.R. as "Soviet republics."

We must remember that the western powers and Canada promptly gave *de jure* recognition to the Baltic states when they regained their freedom, and have never at any time agreed to the *de facto* occupation of Lithuania, Latvia and Estonia by force in June 1940.

On the occasion of the sixty-eighth anniversary of Lithuanian independence, we pay tribute to Canadian citizens of Lithuanian origin. Their contributions to our country are many and significant. By preserving their cultural heritage, they are enriching the treasure-house of the Canadian multicultural heritage. Above all, their wholehearted dedication to the principles of freedom, democracy and human rights makes Canadians more conscious of these highest principles of humanity and of the fact that we, each of us, can do more for our great country and for humanity in every respect.

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

PHILIPPINES PRESIDENTIAL ELECTION—STATUS OF CANADA-PHILIPPINES RELATIONS

Hon. B. Alasdair Graham: Honourable senators, I have a question for the Leader of the Government which relates to the Philippines, to the situation in that country at the present time and to the procedures and methods which were followed during the recent election. I ask him whether the relationship between the Government of Canada and the irregularly and unduly elected government of the Philippines has changed in any way since February 7.

Hon. Duff Roblin (Leader of the Government): I have to tell my honourable friend that I am not aware that any formal change has been announced to date. I do not think there has been any such change, but I can tell my honourable friend that the situation is under review in case such a change should be indicated.

Senator Graham: Honourable senators, I believe it fair to say that President Reagan has changed his official position in light of the process used in the elections in the Philippines. Indeed, he has questioned the legitimacy of that election. Does the Government of Canada accept it as having been an honest election?

Senator Roblin: I think it fair to say that the United States has a special relationship with the Philippines, while Canada does not; ours is quite a different situation. I, too, have noted Mr. Reagan's apparent change of mind. I am sure that that will be taken into account when we consider our own policy in the matter.

Senator Graham: In view of the fact that President Reagan has sent a special ambassador, Mr. Habib, to the Philippines to interview all parties concerned, I ask the Leader of the Government whether the Government of the United States has

been in touch with the Prime Minister, the Secretary of State for External Affairs or the appropriate authorities in Canada in relation to Mr. Habib's visit to the Philippines and as to what his terms of reference are.

Senator Roblin: It may well be that in the course of normal diplomatic interchange the Government of Canada was informed of the intention of the United States with respect to their special emissary, but I think that that is a matter domestic to their own politics.

Senator Graham: Could the Leader of the Government tell us whether there is any direct government-to-government aid from Canada to the Philippines and, if so, whether the Government of Canada is considering the suspension of that aid? In addition, could he indicate whether there is non-government aid and, if so, whether the Government of Canada is considering maintaining or even enhancing non-government aid to the Philippines?

Senator Roblin: Honourable senators, I am not aware of Canadian aid to the Philippines, but the existence of such aid is entirely possible. I will make inquiries to see whether that is the case. I think that we would be reluctant to interfere in the affairs of non-government organizations.

Senator Graham: Honourable senators, I have one final supplementary question. It is some days since the election in the Philippines and we have heard pronouncements from many leaders in the world since that time. In view of the widespread interest of Canadians, particularly those in the Philippine community and all those who share concern for the democratic process and for free and fair elections, I wonder when we might expect some kind of formal statement from the Government of Canada with respect to the Philippines situation.

Senator Roblin: I share my honourable friend's concern about the legitimacy of the election in the Philippines. He has travelled there, he has seen what happened and he has brought back a very negative report on what he saw. That, of course, is an important factor which we will take into account. We want to do whatever we can to encourage the proper conduct of elections anywhere in the world, but we recognize the limitations both of our power and of what may be properly expected of a country in our position. However, my honourable friend has raised a good point and I will do my best to give him an answer.

Senator Graham: Honourable senators, I just wonder whether the Leader of the Government could give us some indication of when we could anticipate a formal statement from the Government of Canada with respect to the situation in the Philippines.

Senator Roblin: My friend has simply repeated his previous question, so the same answer applies.

• (1410)

FRANCOPHONE SUMMIT

FAMINE RELIEF—REPORTED BREACH OF AGREEMENT BETWEEN GOVERNMENT OF CANADA AND GOVERNMENT OF QUEBEC

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wish to ask the Leader of the Government some questions with respect to the francophone summit which is currently taking place in France.

A number of newspaper reports claim that the agreement reached between the Government of Canada and the Government of Quebec was breached by the intervention made yesterday by Premier Bourassa when he called for a substantial plan to relieve food shortages in Third World countries. I wonder whether it is the view of the government that the agreement between the Government of Canada and the Province of Quebec with respect to conduct at international meetings such as this has been breached in any way.

Hon. Duff Roblin (Leader of the Government): Honourable senators, my answer is that it is the feeling of the government that no breach has occurred. There has been a conference in Paris within the last little while at which the ministers responded to questions by the press in respect of this incident, and the quotations that have been furnished me with regard to the statements made there include the following:

> There is absolutely no problem between Canada and Quebec. There has been total consultation. The spirit of the entente is respected.

I think that deals with my honourable friend's question.

Senator MacEachen: I did not catch who made that comment.

Senator Roblin: The press conference was presided over by the Minister of State for External Affairs and the Secretary of State.

Senator MacEachen: Mr. Clark?

Senator Roblin: No, Mr. Benoît Bouchard.

Senator MacEachen: I will follow that up by asking the Leader of the Government whether he will consider the words of the agreement between Quebec and Canada which, in one paragraph, reads as follows:

> On questions regarding the world political situation the Premier of Quebec will be present as an interested observer. On questions regarding the world economic situation the Premier of Quebec will be able, following consultation and with the agreement of the Prime Minister of Canada, on a case-by-case basis to intervene on matters of concern to Quebec.

I presume that the intervention made by Premier Bourassa was under the heading "Questions Relating to the World Economic Situation". I therefore ask the Leader of the Government whether Premier Bourassa's proposal for a substantial plan to relieve food shortages in Third World countries was issued as a

result of consultation with and with the agreement of the Prime Minister of Canada?

Senator Roblin: I am informed that it did take place after consultation with and with the agreement of the Prime Minister, who himself has spoken in similar terms at the conference on the same subject.

Senator MacEachen: I am not aware that the Prime Minister has made a proposal to relieve the food shortages of African countries in the precise terms which Premier Bourassa has put forward; but the Leader of the Government states that the proposal made by Mr. Bourassa has the consent and agreement of the Government of Canada. Do we now take it for granted that the Government of Canada is prepared, having supported this substantial proposal, to make financial commitments in order to implement this plan?

Senator Roblin: I must first say that the Prime Minister has spoken on the same general topic. His exact words are not available to me, so I cannot quote them precisely. But I can tell my honourable friend that in the past year the Government of Canada has contributed generously, as indeed have the people of Canada—they have contributed very generously—toward famine relief in Africa in particular, and no doubt in other places also. It would not surprise me in the slightest if some new initiatives were in the offing, but I cannot give any details at the moment.

STATUS OF PREMIER OF NEW BRUNSWICK

Hon. Allan J. MacEachen (Leader of the Opposition): May I ask another question? Does Mr. Hatfield, the Premier of New Brunswick, occupy precisely the same status at the francophone summit as Mr. Bourassa?

Hon. Duff Roblin (Leader of the Government): I shall have to take that question as notice.

ENERGY

OIL PRICING

Hon. H. A. Olson: Honourable senators, I should like to direct a question to the Leader of the Government. He will know that I have been asking questions for a number of days concerning what action, if any, the government intends to take as a result of the very seriously deteriorating oil prices in the international market and subsequently in Canada.

To date the Leader of the Government has given the fairly consistent reply that the government is watching the situation and, as yet, it is not prepared to make any statement about what it is contemplating to cope with the situation.

The reason I am asking this question today—and I hope that the leader has a reply in his delayed answers to questions—is because we are continuously receiving word from the oil industry that one company after the other is putting all its exploration and development plans and budgets in a holding position. The government and these companies seem to believe or seem to be hoping that it will be a temporary situation. However, some of the OPEC oil ministers who are planning a meeting for mid-March—I believe, March 16—have indicated that at the March meeting they intend to discuss further increases in production in OPEC countries as well as in their total world-market share. With the glut that is on the market now and that indication from the OPEC ministers, it would lead any reasonable person to believe that this is not a temporary situation. Indeed, it will probably get worse before it gets better, notwithstanding the fact that the price is already down to slightly over $15 per barrel.

I wonder if the Leader of the Government would be a little helpful today and indicate what the government has in mind to deal with this very serious, deteriorating, economic situation.

Hon. Duff Roblin (Leader of the Government): Honourable senators, there is no question in my mind that that it is a very serious problem, and I share my honourable friend's view that we do not really see the shape of the future very clearly in this matter. We cannot really tell for how long these pressures of oversupply will persist and we cannot really tell how far the various actors on the stage will carry their policies. We will just have to wait and see. I am also satisfied that there is enormous pressure on the oil industry in Canada, because many of the companies will have to reconsider their investment programs and their development programs in light of circumstances as they develop. It does not surprise me in the slightest that many of their projects have been placed on hold. I think we must anticipate this action.

However, with respect to what my honourable friend wants me to say, I do not think that I can say it. I believe that he wants me to say that the government intends to intervene in the oil market in Canada to do something that will alter the situation. Well, it may be that that will happen, but I do not believe it will happen in the near future. We have seen the results on a previous occasion of massive government intervention in the oil market, and those results were far from satisfactory. The people of Canada made their views on that matter known very well indeed. So I would be very reluctant to contemplate further government intervention in the marketplace unless the circumstances are considerably more damaging than they are today.

Senator Olson: Honourable senators, I have a supplementary question. If the government leader is pinning his hopes on the belief that things are not sufficiently damaging to date, I want to say that the situation is sufficiently damaging, considering that from about three months ago to date there has been about a 40 per cent decline in the gross revenues of the industry. Certainly, it has been sufficient to shut down all the exploration and development plans in the conventional areas of western Canada as well as any ongoing exploration and development in the frontier areas such as the Beaufort Sea, off the east coast or wherever. If these events are not serious enough to cause the government to look at the situation, I am sure that I do not know what it would take. I am not sure that the Leader of the Government has prognosticated corrrectly when he says I am asking him to say that the government is going to intervene. Surely, however, when a government is

governing a country, and when it sees a sector being damaged as severely as this one, it is up to that government to take its responsibility seriously and at least indicate that it is cognisant of the problem and to put forth some plans for the rules and regulations under which that sector of the economy will be handled. To date, the government has given no indication at all that it is doing that, other than holding a watching brief, whatever that means.

• (1420)

Senator Roblin: I would not encourage my honourable friend to think that I intend to make any further statement on that matter in the near future. After all, we are in a free enterprise economy and, in days gone by, the oil industry has proved itself well able to cope with the ups and the downs, if we just leave the industry alone. If we had left it alone on the ups, it might have been better able to deal with the downs than it is now, and I do not see any reason why we should expect that government intervention in the marketplace, under present circumstances, would be a sound policy for the nation.

Senator Olson: I take it, then, that I can advise the people concerned in Calgary and in other places, too, that the government does not intend to take any action, notwithstanding the seriousness of the situation and, indeed, that there is the prospect that the government will take no action even though the situation is going to get much worse.

Senator Roblin: My honourable friend can give any advice that he sees fit to give, but it certainly will not necessarily reflect the policy of the government. I can tell my honourable friend that up to the present time, although this may change, both the industry and the Alberta government have indicated that they are not pressing, at this moment, for government intervention in the oil economy. They have been bitten once and they are twice shy.

Senator Olson: It is my job as a senator from that region to attempt to ascertain, so far as that is possible—and I see it is very difficult—what the government's attitude and position is to be and then to convey that to the people who have made inquiries. If the summary of the situation that I made a moment ago is inaccurate, perhaps the Leader of the Government in the Senate would tell me what is the response of the government to the situation.

Senator Roblin: My honourable friend need not worry himself about conveying the government's views to his constituents. He can convey his own views as much as he pleases, but the government is well able to say what it will do when it is able to make a statement.

Senator Olson: Except that it is not doing that.

Senator Roblin: My honourable friend, in his usual patient fashion, must be content until I am able to give him some further information.

LABOUR

PROSPECTIVE CANADA-UNITED STATES FREE TRADE AGREEMENT—POSSIBLE EFFECTS ON EMPLOYMENT

Hon. Philippe Deane Gigantès: Honourable senators, my question is addressed to the Leader of the Government in the Senate and it concerns a statement by the Honourable Minister of Labour, Mr. McKnight, as reported in the *Toronto Star* on February 14. In that publication, we are told that the minister stated:

> Workers should brace themselves for inevitable layoffs and job changes caused by a free trade pact with the United States . . .

We are also told that the Minister of Labour said he had no idea how many workers could have their jobs changed or eliminated by the free trade drive.

I ask the Leader of the Government in the Senate whether studies have been made or are being made with the aid of modern techniques, such as input-output models, to take some measures in advance to alleviate the danger of unemployment for people who will be displaced by a free trade agreement with the United States.

Hon. Duff Roblin (Leader of the Government): My honourable friend, the Minister of Labour, said a good deal more than that which has been credited to him by my honourable friend in his comment. In fact, he also pointed out that we have seen a continuing change in the status of jobs, of job creation and the ability to hold jobs because the economy is in a rapidly changing and volatile situation. The fact that we have reduced our tariffs over the life of the present GATT to the extent that we have, with its effect on job availability, job training and transfers, indicates that the Canadian economy is pretty good at making those adjustments. Therefore it gives me some confidence to think that if the free trade measures come about, the Canadian economy will prove itself to be competent to deal with those adjustments as well.

However, the government does not intend to leave it at that. We have made it perfectly clear that we intend to make sure, to the extent that governments can, that there is retraining and proper transitional periods and other appropriate adjustments so that those people who are affected have a reasonable chance of finding their feet again. My honourable friend is, no doubt, aware that there is a committee of labour and management that is working now to develop policies to do that very thing.

Senator Gigantès: I have a supplementary question. "Training for which jobs" is the government document on training and employment which has been referred for study to the subcommittee I have the honour of chairing. Making predictions about jobs in the past has been a fairly difficult thing to do, but what the minister is saying here is that "workers should brace themselves for inevitable layoffs and job changes caused by a free trade pact." Does the minister know that there will be such layoffs and job changes? If so, what are they, and could we be let into the secret and could the public be let into the secret?

Senator Roblin: When I consider the job layoffs and changes which have taken place in the last three or four years where there has been a dramatic dislocation in the employment of people in Canada, due to the economic circumstances they have had to bear, and when I consider the gratifying results that have been achieved in the last little while—over half a million new jobs have become available to the people of Canada—I think I can give my honourable friend some reason to believe that we will be able to cope with these things satisfactorily. I certainly have no intention of attempting during this Question Period to deal with the rest of his question, which is a matter of detail that is not known to me but is certainly under study by the private sector union and management committee that I have referred to.

Senator Gigantès: Will the honourable Leader of the Government do us the favour of looking into this issue and perhaps give us some information? Before he answers that question, may I say I am also pleased to have him refer to the creation of jobs as part of the record of the government, which the Prime Minister says is at a record rate. I would like to point out that the 17-month period to which the Prime Minister refers, from the beginning of September 1984 until the middle or end of January 1986, is not a record period; 579,000 jobs said the Prime Minister. But 597,000 jobs were created from August 1978 to January 1980—597,000! The percentage increase—that is the number of jobs created, divided by the labour force at the end of the period—under Mr. Mulroney's changes was 4.5 per cent. In the previous period it was 5.6 per cent. Perhaps the Conservatives would have done better to have kept Mr. Clark, because Mr. Clark's participation in that was better than Mr. Mulroney's. Mr. Mulroney has been producing 34,000-odd jobs per month on average, whereas Mr. Clark produced more and the Liberals produced still more—36,125.

So these little records are not really significant. What we want to know is what planning the government is doing and what studying the government is doing so as to be prepared for any further dislocations and to make the lot of the people easier. I would appreciate it if the Leader of the Government would inform us when he has some details.

Senator Roblin: When one considers the depth of the loss of employment in the period we were discussing, some 5 per cent actual loss of jobs, one recognizes the magnitude of the problem we have ahead of us. We are going to do our best to produce even better results for the people of Canada.

AGRICULTURE

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, I just wanted to report that I have returned from a colossal blizzard in western Canada, which in the case of southwestern Alberta, this weekend, was great for the farmers. However, it did nothing to cool the fire in the ranks of the sugar-beet farmers of southern Alberta who have seen yet another deadline pass without an announcement from the government on a national sugar sweetener policy or, indeed, on their stabilization payment for 1983.

[Senator Gigantès.]

• (1430)

The attitude in that part of the country has hardened considerably since we had an emergency debate in the Senate a couple of weeks ago. It has hardened to the point of calling for the resignation of the Minister of Agriculture, and also to the point of planning a large demonstration on Parliament Hill on or about March 3.

I wonder if the Leader of the Government in the Senate could give us any indication of the timing of any possible announcement that might avert the kind of demonstration that I think makes a great many of us uneasy.

Hon. Duff Roblin (Leader of the Government): It is a gratuitous exercise to predict when cabinet is finally going to deal with a matter, as those who have served in cabinets would agree. I am a little reluctant to accept my honourable friend's invitation to give a date.

I can tell the honourable senator, though, that I have every expectation that any demonstration on or about March 3 would be unnecessary.

Hon. H. A. Olson: What is your definition of "expectation"?

Senator Roblin: My honourable friend can suit himself in defining that. I have said that my expectation is that it would not be necessary to hold a demonstration on Parliament Hill on or about March 3.

Senator Phillips: Read Charles Dickens!

HEALTH

COMMUNICABLE DISEASES—CANADA'S PARTICIPATION IN WORLD IMMUNIZATION PROGRAM

Hon. M. Lorne Bonnell: Honourable senators, a press release I received today conveyed some very good news. However, that press release also contains alarming facts. According to UNICEF, in 1985 measles alone killed two million children, tetanus killed one million children, and whooping cough was the cause of death of more than half a million babies. Polio, diphtheria and tuberculosis continue to take their toll among children, and our Prime Minister, at that great summit conference, made an announcement that Canada would contribute $10 million to the immunization program for countries that are members of the Francophonie.

I wonder when we can expect a similar announcement of support of such a program for member countries of the British Commonwealth of Nations so that more of the world's children can be saved from these dreadful diseases.

Hon. Duff Roblin (Leader of the Government): I think a program with respect to the anglophone sections of the Commonwealth is already in force. One of the things I did during my recent visit to South Africa was attend in the remote rural part of one of the countries a health station that was built by

Canadians. That health station serves the people of that area with great effectiveness. To form some idea of the illnesses afflicting those peoples, I examined the number of people—mostly children—who attended at that health station for vaccinations and other kinds of health services. I found it a satisfactory experience to know Canada had taken that initiative.

That is only one example of what is being done on a fairly broad scale, certainly in the country I visited. I think there are 40 other health stations scattered across that country.

Senator Bonnell: I agree with such a program, but I think there should be more work done in that regard. I thought this was the first step in a major program to save all of the children of Africa, regardless of their language.

Senator Roblin: I cannot share my honourable colleague's optimism that Canada can cure the diseases of all the children of Africa; we can only make a small contribution when one considers the magnitude of the problem, but that does not prevent us from doing the best we can.

AGRICULTURE

POTATO INDUSTRY—GOVERNMENT ASSISTANCE

Hon. M. Lorne Bonnell: Honourable senators, yesterday the Minister of Agriculture for the province of Prince Edward Island made an announcement of provincial government assistance to the potato growers of that province who are going through a difficult financial period. Agriculture in that province is in a crisis situation. The minister announced that $3 million would be made available to assist the potato growers of that province.

Senator Phillips: It was $6 million.

Senator Bonnell: Senator Phillips says it is $6 million. That's even better.

The minister also said he is going to pay $3 a hundredweight, or 3 cents a pound, for the potatoes, and that they will be buried in the ground or will be fed to the cattle, or something will be done to get them off the market.

Can the Leader of the Government in the Senate tell me what the Government of Canada and the Minister of Agriculture are going to do to assist those farmers, and what the Government of Canada is going to do in participating with not only Prince Edward Island but also New Brunswick and other provinces involved in the potato growing industry?

Hon. Duff Roblin (Leader of the Government): I know that the subject of potatoes has concerned the Minister of Agriculture for some time, but I am not aware of the situation my honourable friend speaks of. I shall have to take notice of the question.

Senator Bonnell: When the Leader of the Government is looking into that question, perhaps he will be able to tell us soon what assistance or what share of support the federal government might give to the potato growing industry.

Senator Roblin: I give my honourable colleague the same answer I gave previously.

TRANSPORT

NORTHUMBERLAND STRAIT FERRY—DELAY IN COMMENCEMENT OF 1986 SEASON

Hon. M. Lorne Bonnell: Honourable senators, when I travelled our great eastern part of the country—Senator Fairbairn went west, I went east—I noticed a newspaper article stating that the Northumberland ferry from Prince Edward Island to Nova Scotia will not start until May 1 this year. Generally, that service starts on April 1, or as soon as the ice disappears. This year, for some reason or other, it has been announced that that service will not start before May 1. That ferry service has proven to be safer than train travel and airplane travel; no life has been lost yet.

I wonder if the Leader of the Government in the Senate could ask the Minister of Transport to commence that service on April 1 rather than May 1, because at the latter date it will be almost time to terminate service because autumn will be upon us!

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am surprised to learn that May 1 heralds the coming of autumn in the Northumberland Strait district, but if that is the case, I will certainly ask my colleague, the Minister of Transport, what he is going to do about it.

Senator Bonnell: Could the leader approach the Minister of Transport to ask him to have that service commenced on April 1, as has been the case in previous years? Sometimes in that part of the country we have a bad year, with 11 months of winter and one month of summer.

Senator Roblin: I am not going to tell my colleague, the Minister of State (Tourism), what the honourable senator has just said, because he is trying to persuade a great many Americans that that is the place to go all summer long, and I support his views. I think my friend is too pessimistic, by far.

But, he has asked me if I can ask the Minister of Transport to start this service on April 1 rather than May 1, and I will certainly be glad to do that.

HEALTH AND WELFARE

SOCIAL ASSISTANCE PROGRAMS—UNIVERSALITY—GOVERNMENT POLICY

Hon. Gildas L. Molgat: Honourable senators, my question is for the Leader of the Government in the Senate. In an article in the Montreal *Gazette* of 11 February, I was surprised to see the following statement:

> Prime Minister Brian Mulroney has also recently hinted that the government may look again at whether to pay money through various social programs to everyone, regardless of need.

Are we to expect from that statement, apparently made by the Prime Minister, that we will have a full-scale debate on universality?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I do not make myself responsible for newspaper reports.

INDUSTRY

POSSIBLE MANUFACTURE AND EXPORT OF ARMAMENTS BY WEST GERMAN COMPANY FROM PROPOSED CANADIAN FACTORY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to ask the Leader of the Government in the Senate a question with respect to a report that a West German arms manufacturer has applied to the Canadian authorities for a five-year export licence for the sale of military equipment to the Middle East from a location in Canada.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am not personally familiar with the application. However, I have reason to believe that such an application has been made and is being considered. What the answer will be remains uncertain at the moment.

Senator MacEachen: May I ask the Leader of the Government whether the West German firm, which applied for the licence for the export of arms from a location in Canada, was indifferent as to where that plant would be located, or did that firm specify, as it is inferred, a location in Nova Scotia.

● (1440)

Senator Roblin: Honourable senators, I will have to find out about that.

Senator MacEachen: Might I also ask whether this application arose spontaneously from the West German firm itself or whether it was stimulated in some way by the Government of Canada?

Senator Roblin: Honourable senators, I cannot make myself responsible for the motives of the firm in making the application; that is their business.

Senator MacEachen: I understand that, honourable senators, but I think there is a point in terms of whether the Government of Canada peddled, in West Germany, a location for an arms plant in Canada. That is what I want to know. Did the stimulus for that application come from the Canadian government or from the West German firm?

Senator Roblin: I cannot answer that question, honourable senators, but I would be surprised if the government were not consulting with a number of firms with respect to locating in the Cape Breton area because of the special circumstances there. Whether that amounts to peddling is something which is, no doubt, a matter of opinion.

Senator MacEachen: Perhaps the word "peddling" is distasteful to the Leader of the Government, but I want to know whether it was the Government of Canada which went to the Thyssen firm asking whether it would consider coming to Cape Breton. Did Mr. Stevens or his officials ask, in effect, whether Thyssen would consider coming to Cape Breton to build an arms plant because of so-called tax incentives, in return for which we would consider giving them an export licence? I think it is important that we know where this proposal originated.

[Senator Roblin.]

Senator Roblin: I will be glad to make further inquiries, but I would like to know whether I can count on my honourable friend's support for some of these measures.

Senator MacEachen: There is no question about my support for jobs in Cape Breton, but before I throw my support behind this proposal, I would like to know more of the facts. I want to ask whether this matter has been considered by the Government of Canada. Is it before the cabinet? If so, has a decision been reached? Is there any idea when a decision can be taken on this matter?

Senator Roblin: My honourable friend has encouraged me to think that perhaps there are some projects in that area that he would be glad to support. If so, I will call upon him to demonstrate his interest.

With respect to his question about where the matter stands in the government machinery, I can only say that at the present time it is before the department concerned. It has not yet advanced beyond that point.

Senator MacEachen: I ask the question because the Deputy Prime Minister is reported to have said that the matter was considered by the cabinet. I take it from what the Leader of the Government has said that it has not been considered by the cabinet, but that it is still being dealt with in the Department of Regional Economic Expansion. Further to that, however, I understood that a decision with respect to the issuing of export licences is a decision taken, in the main, by the Secretary of State for External Affairs. I want to know whether he is considering this question and seeking advice from Mr. Stevens, the Minister of Regional Industrial Expansion.

Senator Roblin: I think the answer to that question is yes.

Senator MacEachen: Can the Leader of the Government throw any light on what is alleged to be a fact—and perhaps he could tell me it is not a fact—that is, that the West German government is seeking to do in Canada what it would be unable to do in Germany under its own law?

Senator Roblin: I, too, have read that report. I have no information on the policy of the German government in that respect. I point out, however, that, as far as I know, the company concerned is not an emanation of the German government but is a private-sector corporation. I am not aware of the relationship between that firm and the German government.

Senator MacEachen: I am not inferring that it is not a public-sector firm. What I want to clarify is whether that firm, which has plants operating in Germany, could not make such exportations under existing German law, and whether it is for the purpose of securing relief from the application of German law that the application is being made to locate in Canada. I really think that this is an important question, not only for Nova Scotia, because of the possible jobs involved, but also because of other considerations, including our foreign policy. Therefore, I want to get some information so that we can see whether we can make some helpful comments to the government at some point.

Senator Roblin: That is a temptation I cannot resist. I will give to my honourable friend as much information as I can and I will await his helpful comments.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have delayed answers to two oral questions.

CANADA-UNITED STATES RELATIONS

U.S. WEAPONS TESTING IN CANADA—CRUISE MISSILE MISHAP

Hon. Duff Roblin (Leader of the Government): Honourable senators, the first is in response to questions asked in the Senate on January 23 last by the Honourable Senator MacEachen and the Honourable Senator Fairbairn regarding Canada-United States Relations—U.S. Weapons Testing in Canada—Cruise Missile Mishap.

Hon. Allan J. MacEachen (Leader of the Opposition): Would the Leader of the Government read that answer, please?

Senator Roblin: Yes, I will.

As previously reported, during the January 22 test flight of the cruise missile the terminal manoeuvre was not completed successfully and the cruise missile went down within the area of the Cold Lake Air Weapons Range.

The missile was located and successfully recovered.

An Accident Investigation Team has been set up to determine the reason why the missile did not complete its terminal manoeuvre and why its parachute did not deploy.

The Accident Investigation Team has not yet released its findings.

With regard to future testing, if the problem is readily resolvable, the test program will continue on schedule.

If there is delay in identifying the cause of the malfunction, the test program will be delayed.

In that case, the test program will only be resumed when the problem has been rectified and the missile can resume operations in accordance with its prescribed safety standard.

HEALTH AND WELFARE

FITNESS OF MEAT FOR CANADIAN CONSUMPTION

Hon. Duff Roblin (Leader of the Government): Honourable senators, the second delayed answer is in response to a question asked in the Senate on December 5 last by the Honourable Senator Sinclair regarding Health and Welfare—Fitness of Meat for Canadian Consumption.

This is a very lengthy answer. It has attached to it a chart, and we will see that Senator Sinclair receives a copy of it.

(*The answer follows:*)

Tuberculosis is a disease that can become widespread throughout an animal's body, in which case the carcass of the animal should be completely condemned. In the majority of instances, however, the body is able to combat the disease, and it remains localized in the system in which infection entered. The two systems involved are the respiratory and digestive systems. Where the disease remains localized, it is normal practice for the veterinarian conducting inspection of the carcass to condemn the affected system and to pass the remainder of the carcass as fit for human food. This procedure has been followed since the start of federal meat inspection in Canada in 1907.

Furthermore, the procedure used in Canada is that recommended under the Codex Alimentarius Commission, under the Recommended International Codes of Hygienic Practice for fresh meat for Ante Mortem and Post Mortem Inspection. The Codex Commission is a joint World Health Organization and Food and Agriculture Organization standard setting body under the umbrella of the United Nations. The fact that no instance of a human catching the disease from eating meat is proof that this procedure is correct.

Laboratory tests have been completed on five of the six carcasses, and are 85 per cent complete on the sixth. To this point in the testing, no lesions were found to be caused by tuberculosis.

In this instance, there was no outside pressure from any source involved in the decision to pass the meat for human consumption. The Minister is convinced that the veterinarian followed the correct procedures and that the meat was, and is, safe. The comments in the newspaper article of two veterinarians outside of the department are not too relevant. The article states that neither claimed to be an expert. A more expert opinion was given by the Canadian Veterinary Medical Association which endorsed the decision made at the time of inspection.

The reason the meat could not be exported was on account of an international agreement not to do so. Between our trading partners, minor differences exist in how localized lesions are to be dealt with at the time of inspection. To maintain mutual recognition of meat inspection systems, it was therefore agreed that there would be no trade in such carcasses.

In regards to the reports, I am tabling them today, with a copy for the honourable Senator.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

PERMISSION FOR COMMITTEE TO TRAVEL—NOTICE OF MOTION

Leave having been given to revert to Notices of Motions:

Hon. Philippe Deane Gigantès: Honourable senators, notwithstanding rule 43(1), I would ask permission of the Senate to give notice of a motion today, without having submitted the written text, so that I can speak to it tomorrow. I have learned

that on Thursday I have to go out of town for committee duties.

Honourable senators, I give notice that tomorrow, Wednesday, February 19, 1986, I will move:

> That the Standing Senate Committee on Social Affairs, Science and Technology, which was authorized by the Senate on October 29, 1985, to study and report upon the Consultation Paper on Training, and the document entitled: "Employment Opportunities: Preparing Canadians for a Better Future", or any subcommittee so authorized by the Committee, be empowered to adjourn from place to place within and outside Canada for the purpose of such study.

I shall give the reasons why this should be so.

The Hon. the Speaker: Honourable senators, is leave granted respecting rule 43(1)? And is the Notice of Motion agreed to?

Hon. Senators: Agreed.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I want to be quite clear as to what we have done. We have given the honourable senator leave to introduce his notice of motion today and to speak to the motion tomorrow.

Some Hon. Senators: Yes.

Senator Roblin: Thank you.

● (1450)

REPRESENTATION BILL, 1985

THIRD READING—DEBATE ADJOURNED

Hon. Jacques Flynn moved the third reading of Bill C-74, to amend the Constitution Act, 1867 and the Electoral Boundaries Readjustment Act and to provide for certain matters in relation to the 1981 decennial census.

Hon. John B. Stewart: Honourable senators, the bill now before the Senate is one to which many honourable senators should pay close attention. I refer especially to senators from both the growing western provinces—I mean particularly Alberta and British Columbia—and some of the eastern provinces, particularly Newfoundland and Nova Scotia—and to that I would add Manitoba and Saskatchewan; in other words, two rapidly growing provinces and four smaller provinces which are not growing as rapidly.

One of the main functions of the Senate is to protect the interests of the provinces. This bill certainly affects the interests of British Columbia and Alberta, as well as those of four smaller provinces.

I suggest to honourable senators that the government is being unfair to British Columbia and Alberta by proceeding with this bill to change the method by which constituencies for the election of members of the House of Commons are assigned among the several provinces.

In 1974 Parliament enacted a law governing the redistribution of constituencies. Under that law, following the decennial census of 1981, British Columbia was to have gained five seats, and Alberta was to have gained six seats. That redistribution was well under way by the time Parliament was dissolved for the election of 1984. The redistribution under the existing law could have been completed in a relatively short period after the election.

For its own reasons the government decided not to resume the redistribution under the 1974 law. For its own reasons it decided to make a new beginning, to bring in a new method by which seats would be assigned to the several provinces.

However, it did not move immediately on this matter. It was not until September 16, 1985—over a year after the election—that Bill C-74 was introduced for first reading in the House of Commons.

I assume that the bill will become law fairly soon; but we have the testimony of the Chief Electoral Officer of Canada that it requires upward of two and a half years before a redistribution can be carried to the point at which it can be used for a general election.

I am not privy to the Prime Minister's intentions; nor indeed am I privy to the intentions of the backbenchers on the government side of the House of Commons. But it is conceivable that the Prime Minister or the backbenchers on the government side in the House of Commons will want an election in 1987. If an election were to take place in 1987 for any reason, the constituencies would be those drawn on the basis of the decennial census of 1971. That would be so unfair to British Columbia and Alberta that we would have to say that the government, by waiting until September 16, 1985, to bring in this bill was playing fast and loose with the representation due to those two rapidly growing provinces in western Canada. They have placed in jeopardy those new seats that British Columbia and Alberta would have been assigned under the existing law.

That is one reason why I believe that this whole venture is bad. I will not say any more on that, because I know that other senators feel strongly on that point and may wish to speak on it.

However, I wish to say a good deal more about another point. I believe the government is being unfair to certain small provinces, specifically Newfoundland, Nova Scotia and Manitoba. I hope to be able to convince honourable senators that I am not making a mistake when I say that in this bill the government is being unfair to those provinces.

I will direct honourable senators' attention specifically to the application of the method, now being put before Parliament by the government, to the outcome of the 1981 census. There we have hard figures. There we are not dealing with demographic projections made by Statistics Canada.

Since 1867 the basic rule by which constituencies in the House of Commons are assigned to the several provinces has been that of representation by population. But that rule has always been moderated to give somewhat better than average treatment to the smaller provinces. Sometimes better than average has been a good deal better than average. We have

only to think of the situation of Prince Edward Island to see how far Parliament has been prepared to go to recognize the principle that better than average treatment is needed by the smaller provinces.

Under the 1974 law, the size of the House of Commons would have increased from 282 members—its present size—to 310 members. British Columbia would have gone up from 28 members to 33 members. Alberta, another growing province, would have gone up from 21 members to 27 members. Saskatchewan, a small province, would have had 14 members, as it now has. Manitoba would have increased from 14 members to 15 members. Ontario would have gone up from 95 members to 105 members. Quebec would have gone up from 75 members to 79 members. New Brunswick would have remained as it now is with 10. Prince Edward Island would have remained where it now is, with 4 members. Nova Scotia would have gained a member; its representation would have increased from 11 members to 12 members. And Newfoundland would have increased from 7 members to 8 members.

What we see in this bill is that it will provide no increase for any small province in the foreseeable future. There are to be new seats—additional seats. But the government is following the rule that "to him who hath shall be given," and in the redistribution based on the census of 1981, the new seats after 1991, and those after 2001, on the basis of the demographic projections, are all to go to the larger provinces with the exception of Quebec. Ontario, Alberta and British Columbia—the growing provinces—are to get seats. That is fair enough. The present method would have given them additional seats. But the other wing is being completely ignored. The principle that the small provinces should be given better than average treatment has been forgotten. That is why the bill is eminently unfair. For the foreseeable future, there are to be no new seats for Saskatchewan, Manitoba, Nova Scotia, Newfoundland or New Brunswick. Under the law enacted in 1974, New Brunswick would have been eligible for an additional seat after 1991. Saskatchewan would have been eligible for two more after 1991.

• (1500)

Focusing particularly on Newfoundland and Nova Scotia, I should like to make two points. The first is that the share of the House for these two provinces will decline. It is not easy to grasp this projection because we are dealing with two different totals. We are dealing with a share of a House of a certain size according to existing law and a share of the House that will be produced if Bill C-74 becomes law. However, it is a fact, as shown by the calculations put before the Senate by the sponsor of the bill, that the tendency of the new method will be to reduce increasingly the share in the House of Commons assigned to Newfoundland and Nova Scotia.

I raised this point with the minister responsible for the bill, the Honourable Ray Hnatyshyn, President of the Privy Council. I was unable to impress upon him the importance of this change. We are dealing here with percentage points and we have to remember that we are talking about only two or three members. These two or three members, looked upon from the point of view of Ontario or from the point of view of an Ottawa bureaucrat do not amount to very much. However, approaching this matter conservatively, that is taking the lower of these two figures, the one member that Nova Scotia loses amounts to just a little less than 10 per cent of our total representation. In the case of Newfoundland, another member amounts to considerably more than 10 per cent—about 13 or 14 per cent. In other words, in the case of these small provinces, we are talking about a very appreciable decline in share of the House. It is comparable to the kind of decline that would take place if Ontario were to lose ten members. We can well imagine—I say to senators from the smaller provinces—the outcry such a situation would cause in national newspapers and in other places. It would be said, "George Brown, wouldst that thou wert living this hour. Ontario has need of thee."

My second point relates to the fact that the populations of the constituencies of the provinces of Newfoundland, Nova Scotia and Manitoba will increase in size. This is particularly important when dealing with provinces such as Newfoundland and Nova Scotia because, as any senator who has had experience in government will know, sea coast provinces tend to be very demanding in terms of what they want from their members of Parliament. There is always public business where you have wharves, breakwaters, navigation aids and the like.

Senator MacEachen: And the fisheries.

Senator Stewart: The fisheries create special demands upon members of Parliament, demands that a bureaucrat in Ottawa would not be likely to take into account when working out these statistics on a computer. It is shocking to think that according to the figures provided by the government, in every one of the three redistribution intervals—those based on the 1981 census, on the 1991 census and on the 2001 census—the constituencies which are projected to increase the most in population are found in Newfoundland. The constituencies in Nova Scotia will increase at the second highest rate. In fact, the government shows on its own projections that after the redistribution of 2001 the populations of the constituencies of Newfoundland will be the second largest in Canada. We are talking about Newfoundland, which, next to Prince Edward Island, is the smallest province, a province which has a very active fishery and which is likely to have very active marine activity in the near future. In terms of average population, the constituencies in Newfoundland will be around 99,714. Let us compare that figure with a large province such as Quebec, which is projected to have an average constituency population of 92,048, and Ontario, which is projected to have an average constituency population of 99,615—almost as big as Newfoundland, a small province, but not quite. Compare that Newfoundland figure to that of British Columbia, which is projected to have a population of 98,600.

It may be said that the demographic projections are not to be taken all that seriously. However, they are the projections on which the validity of this method of distributing seats is being explained and defended. Consequently, we have to take the projections seriously. What the figures show, whether we are talking in terms of the share of the House of Commons or

of the size of the constituencies, is that Newfoundland and Nova Scotia are being treated unfairly. That is what the figures show. The President of the Privy Council appeared before the Legal and Constitutional Affairs Committee. I found that he was unable to deal with these two objections. On January 23, I discussed with him the fact that the share was declining. He said, "Well, those are your figures." He went on to say:

> I do not mean to trivialize the drop. It is a question of getting involved in these statistics. I guess I could quote my own, which I will do.

Then I said, " Please do." The reason I said, "Please do" was that I was using his statistics. I had not devised any new statistics. I was using the statistics provided to the Senate by the government. Mr. Hnatyshyn went on to say:

> When we talk about these things, I want you to be assured that I am very interested in having a formula which does reflect the kind of sentiment that you express, senator.

That was the view of the President of the Privy Council. He wanted a formula which would reflect the kind of sentiment that I was expressing, the kind of sentiment that I am expressing here this afternoon.

• (1510)

The bill which is now before us does not do that. The bill fails both with regard to the share in the House of Commons assigned to the smaller provinces and with regard to the size of constituencies. It even fails to satisfy the minister himself. I can only conclude—and I will come back to this later, honourable senators—that, for one reason or another, the President of the Privy Council did not manage to focus on the problem.

During the committee hearings, when I was enlarging upon the problems, it was suggested that I was being unduly alarmed; that if the redistribution turned out to be, in the future, as unfair as the government's own figures suggested it would be, there could always be a modification of the law. I am reminded of what happened here about a year ago when the Leader of the Government was telling honourable senators that they should never buy a pup. I think that was his expression. If Senator Roblin is scared of being sold a pup, I do not see why I should not be scared of buying a pup. Honourable senators, I do not intend to buy a pup; I am not going to accept this bill on the basis of an assurance that future parliamentarians will be quick to rectify these defects should they occur, when the government's own figures show that they are very likely to occur.

If we look at the history of representation legislation, we find that there has been a good deal of stability, that new arrangements are not made frequently. The arrangement made in 1867 persisted until 1946, with an adjustment in 1915 for the benefit of a small province. The arrangement made in 1946 persisted until 1974, with an adjustment made in 1952 for the smaller provinces. The arrangement made in 1974 will continue until 1986. Then the formula put forward in this bill will apply for the foreseeable future.

[Senator Stewart.]

Honourable senators, I think we would be deluding ourselves if we assumed that Bill C-74 is some kind of temporary measure. This will be the basic law with regard to the redistribution of constituencies for the foreseeable future. Therefore I am not prepared to accept this assurance that if the government's own figures turn out to be right, future parliamentarians will do something to correct the results.

On Wednesday, February 12, I put a proposal before the committee, a proposal which I thought was a reasonable way to overcome the bill's unfairness to the smaller provinces. I have not yet seen the minutes or the record of testimony given at that committee, but I remember fairly well what went on there. I suggested that the bill could be amended in the following way, and this amendment was transmitted to the President of the Privy Council. I suggested that a new clause could be added which would say:

> If the total number of members that would be assigned to a province by the application of rules 1 and 2 . . .

And here I am referring to rules 1 and 2 as set forth in the present bill, C-74—

> . . . is less than 20, there shall be added to the number of members so assigned such number of members as will result in the province having the same number of members as would have been assigned to the province under the provisions of the Constitution Act, 1974.

The Constitution Act, 1974 is the one which sets out the present redistribution method. My proposed amendment would not have effected any great change in the size of the House of Commons. Honourable senators are aware that there has been considerable concern that the present method of assigning seats will cause the House of Commons to become unmanageably large. The bill which we now have before us, Bill C-74, will increase the size of the House of Commons from 282 seats to 295. The amendment which I suggested would have increased the number from 282 to 298. In other words, there would have been three additional seats and these three seats would have gone to the smaller provinces because, as the words of my amendment say:

> If the total number of members that would be assigned to a province by the application of rules 1 and 2 is less than 20 . . .

In other words, the smaller provinces to which this rule would apply, namely, Newfoundland, Nova Scotia and Manitoba—and if this rule of less than 20 were to continue to apply, then after 1991, it would apply, presumably, to Saskatchewan and New Brunswick—would gain additional seats. I also proposed, honourable senators, that this new rule, which would be rule 3, was to be reviewed by Parliament prior to each readjustment of representation made after the readjustment passed on the 1981 decennial census. In other words, there would be no need for this to become a runaway situation. The immediate effect of my amendment would have been to provide three extra seats: one for Newfoundland, one for Nova Scotia and one for Manitoba.

Using the government's own figures, let us look at what my amendment would have meant. It would have meant constituencies of the following size: It would have meant that Manitoba would have 15 instead of 14 constituencies, and that the average population per constituency would have been 68,416; Saskatchewan would have had 14, as at present, and the population of the average constituency in Saskatchewan would have been 69,165; New Brunswick, as at present, would have been 69,640; Nova Scotia would have had 70,620 and Newfoundland would have had 70,960. I point out, honourable senators, that even with an extra seat, Newfoundland would have had the largest constituencies of those five provinces and the difference between the largest and smallest of the small provinces to which the formula applies would have been 2,544. In saying that, I set aside Prince Edward Island and New Brunswick, because they are covered by another rule, being the Senate floor rule.

However, under Bill C-74, we get a much greater spread. Manitoba will have constituencies averaging 73,373; Saskatchewan with 69,165 will be as at present; New Brunswick, 69,640 as at present; Nova Scotia, 77,040; Newfoundland, 81,097. In other words, the spread here between the largest of those provinces and the smallest is 11,932, whereas under the amendment that I put forward, if it had been accepted by the government, the spread would have been only 2,544. Therefore, taking the small provinces as a group and adding those three seats—in other words, giving an additional seat to Newfoundland, Nova Scotia and Manitoba—would have kept the House under 300 and would have made for fairer distribution of seats among the smaller provinces. This was a reasonable proposal. It was one which should have been adopted by the government.

• (1520)

Nevertheless, the minister declined to accept this proposal. He rejected it. I specifically asked the President of the Privy Council if he had consulted the ministers from Newfoundland, Nova Scotia and Manitoba. He told us that he was speaking for his colleagues. I was hoping that the Leader of the Government, who is from Manitoba, could have been here this afternoon and that he would have been persuaded to go back to his colleagues and say to them, "Manitoba, Nova Scotia and Newfoundland are really coming off pretty badly—by reason of an oversight no doubt—but let us correct it." I am sure that he would have seen this as a desirable thing to do. Unfortunately even that avenue is closed because he could not be here.

So I think, honourable senators, this bill is quite unfair and if there is any kind of bill which should be thought of as fair, it is one which deals with representation. The 1974 bill went through Parliament without dissent. The present bill was put through the House of Commons at third reading with allocation of time; it is going through here over considerable sincere objection. I think this is not the kind of approach the government should take to a bill allocating representation in the House of Commons.

Now, honourable senators, I do not intend to delay the house much longer, but I do have two general observations which I want to put before honourable senators as a result of watching what has happened in the case of this bill.

I mentioned earlier that I felt I was not able to communicate adequately with the minister. He came before the committee on two occasions; the second occasion was a short appearance because he had other commitments; well, that is not unusual. Somehow there did not seem to be, shall we say, subterranean channels of communication. It was as if we were not being wire tapped. At times I was wishing that we were being bugged by the government so they would know what arguments were being made and could evaluate those arguments and decide whether or not they were valid. Somehow or other all the wires had been cut; they had been clipped and our proceedings were being ignored.

• (1530)

I do not blame the minister. I think that what has happened is that some of the Ottawa Valley statisticians got to work, as they do in so many areas. Ask some of our fishermen what they think of the Rideau Canal fisheries authorities' views on fisheries matters. Their views would parallel my views on the Rideau Canal statisticians when they came to work out proper representation in the House of Commons. They worked out a formula based as closely as possible on "rep by pop". They paid no attention to the time-honoured principle—which goes back to 1870—that the smaller provinces, in this case Newfoundland, Nova Scotia and Manitoba, should be given better than average treatment. They paid no attention to that at all. They told the minister: "We put together a good package. Really, sir, you don't need to understand it, just go in there and smile." That's what happened.

I am not grieving for myself particularly; I am grieving for the Senate. The Senate deserves better treatment than that.

The second commentary I am driven to make relates to our hesitation to amend this bill. I have no reluctance in yielding to the judgment of the members of the House of Commons. After all, the members of the House of Commons are elected by the people and we are not. If the House of Commons, which is a busy body—-

An Hon. Senator: That's right, a busybody!

Senator Stewart:—considers proposals put forward by the Senate—no, I do not think that honourable senators should say that the House of Commons is a "busybody." It is a busy body; the members are busy and have many legitimate concerns.

It seems to me that a reasonable stand for the Senate to take is that if we make proposals, if we suggest amendments, and if the members of the House of Commons look at those proposals and suggested amendments, together with the reasons adduced for those proposals and amendments, and then decide, with their greater legitimacy, that our proposals and amendments are wrong, fine, I am prepared to accept that. But I think all honourable senators have a reason to be unhappy when proposals and possible amendments made by the Senate, together

with the reasons adduced for those proposals and possible amendments, are not even considered by the members of the other place.

In terms of the legislative process, that is ridiculous, unless one assumes that honourable senators, regardless of which side of the aisle they sit on, have nothing to say that is even worth considering. I do not think that is the true view of the members of the House of Commons.

The point I want to make, honourable senators, is that there is something wrong with a legislative process which makes it impossible for the House of Commons to accept, or indeed to reject, if the members of the House of Commons feel that that is what is called for, proposals and amendments suggested by honourable senators. I say that regardless of which political party happens to be in power at the moment.

To sum up, honourable senators, I think that this is an unfair bill, and I am frustrated because, given the existing process, I think that the members of the House of Commons are not likely to realize in time how unfair this bill is.

On motion of Senator Corbin, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, February 19, 1986

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

Prayers.

TRANSPORTATION OF DANGEROUS GOODS REGULATIONS

REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE ON SUBJECT MATTER TABLED

Hon. Léopold Langlois: Honourable senators, I have the honour to table the sixth report of the Standing Senate Committee on Transport and Communications. This is the final report on the subject matter of the Transportation of Dangerous Goods Regulations made by Order in Council P.C. 1985-147, dated January 17, 1985.

On motion of Senator Langlois, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*Translation*]

YOUTH

REPORT OF SPECIAL SENATE COMMITTEE TABLED

Hon. Jacques Hébert: Honourable senators, I take great pride today in tabling the report of the Special Senate Committee on Youth, a committee that was constituted on April 10, 1984, but later dissolved when the last general election was called.

[*English*]

Re-established on December 11, 1984, the committee received 256 briefs, hundreds of letters, and heard 335 witnesses in 11 cities.

[*Translation*]

I sincerely believe that the report will bring a glimmer of hope to a large part of our youth who are bordering on despair.

[*English*]

These 140 pages should induce the public will and then the political will necessary to put an end to the situation of a large segment of our youth in peril—a situation that the members of our committee, in a unanimous report, qualify as intolerable; that is, not to be tolerated any longer.

[*Translation*]

I want to thank the deputy chairman, my friend Senator Yuzyk, who has been a loyal, attentive and extremely efficient collaborator. I would like to offer my heartfelt thanks to all members of the committee for the very substantial efforts they have made from the outset and for their truly personal contribution to the drafting of the report itself, and at this point I would also like to include our excellent researchers, our clerk and the many people who helped us.

Honourable senators, I have the honour of tabling the report of the Special Senate Committee on Youth: "Youth: a plan of action".

Honourable senators, I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—PARTICIPATION OF PROVINCES—STATEMENT BY PREMIER OF ONTARIO

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wonder whether the attention of the Leader of the Government has been drawn to the statement made yesterday by the Premier of Ontario on the subject of free trade talks. Is the Leader of the Government in a position to make any comment on what I consider to be some rather significant statements made by the Premier of Ontario on this important subject?

Hon. Duff Roblin (Leader of the Government): Honourable senators, that has not yet come to my notice.

Senator MacEachen: Honourable senators, I do not complain that the report has not come to the attention of the Leader of the Government, but I wonder whether the government might have given some consideration to the proposal made by Premier Peterson that now is the time for the provinces and the federal government to come together on making specific proposals for the trade talks and to move the debate from rhetoric to a more substantive phase. I wonder whether the government has that in mind and whether it welcomes the statement made by the Premier of Ontario. It seems to be significant that Ontario proposes and wishes to take a constructive approach at the bargaining table. The general impression up to the present time has been that the Government of Ontario was reluctant to participate in the trade talks. I wonder whether the Leader of the Government has anything to say by way of indicating whether this kind of proposal has been anticipated within the government.

Senator Roblin: Honourable senators, as I have not yet read the statement, I do not believe that I should make too extensive a comment on it. But, naturally, if I get the news that the Premier of Ontario has a constructive role to play in the negotiations, as I am sure he has, then it is very welcome. We will need all the help we can get to devise a plan that fits the needs of the Canadian people, and undoubtedly that gentleman can be an important contributor. I would point out to my honourable friend that there is at the present time a meeting of officials who are seeking a way to define the relative roles that the spokesmen for the federal and provincial governments will play in this whole procedure, and I am hoping that that will be agreed upon before long. No doubt Premier Peterson's views will be closely examined when those recommendations are being compiled.

Senator MacEachen: Honourable senators, I thank the Leader of the Government for his comment, and give him notice that I intend to return to the subject tomorrow. I draw to his attention that the report to which I referred appeared in the *Toronto Star* of February 18. Possibly the Leader of the Government will have an opportunity to read that report; I may then direct my questions to him on the subject tomorrow.

Senator Roblin: I thank my honourable friend for his notice. I certainly will read the report and if it is possible to comment on it further tomorrow, I will be pleased to do so.

ENERGY

OIL PRICING

Hon. H. A. Olson: Honourable senators, I should like to ask the Leader of the Government a question, which is a continuation of the questions that I have been asking for some days, in the faint hope, perhaps, that the government will assume its responsibility and have some "made in Canada" policies rather than simply standing idly by and watching an important sector, namely, the energy sector—the gas and oil sector—becoming subject only to political decisions that are made outside of this country; and inasmuch as the March futures for crude oil slipped below $15 earlier today, down to $14.77—I believe the figure may have gone even lower since then—it means that the gross returns from sales of crude oil are now below 50 per cent of what they were three months ago. Therefore, I ask the Leader of the Government: Can I give some hope to those people who are vitally involved in this sector that the government will soon face up to its responsibility?

Hon. Duff Roblin (Leader of the Government): Honourable senators, my honourable friend should take note of the fact that often there are two ways of looking at a problem. In terms of the oil industry in Canada, the point of view that he is putting forward reflects a very serious problem to them—there is no question about that—but when one looks at other sectors of the economy—indeed, with our trading partners, on whom we depend for so much—the changing price of oil is a bonanza. It promises to reduce inflation; it promises to reduce the rate of interest; and it promises to increase the gross national

product of those nations that are favourably situated in this matter. So it is not altogether a matter of gloom and doom. I admit quite freely that the problem is different in the province of Alberta. I suggest that my honourable friend wants a made in Canada policy. He had a made in Canada policy three or four years ago when the price of oil started to go up, and I do not think that anybody now thinks that that was a very good idea. Perhaps my honourable friend does, but most people, I think, would agree that it was not a good idea to try to isolate Canada's economic structure in this important matter from what was going on in the wide world. It did not work very well. As I said to him the other day, and I guess I will continue to say to him for some time, because, obviously, he is going to pursue this matter every day, I am not at all satisfied that government intervention in this matter is the correct course to follow at the present time. It is certainly not the course that is being followed at present in other important oil producing countries such as the one to the south of us. Therefore, I think we should be cautious before we accept his invitation to intervene in this particular matter.

• (1410)

Senator Olson: Honourable senators, I thank the honourable Leader of the Government for his answer because, whether it was "advertent" or inadvertent, the revelations from that were substantially greater than anything we have had to date. I remember that only a day or two ago I asked him very directly if the government viewed these rapidly declining oil prices to be economically positive for Canada. Of course, the leader has indicated today that at least he, if not a larger number of members of the government, believe that there are a large number of positive economic considerations flowing from the declining oil prices. I am sure that the oil industry will be keenly interested to know that that is the kind of thinking to be found within the government.

However, the other part of the answer—and I did not ask the leader because I know that it would lead to a highly unsatisfactory answer—is whether or not the government intends to re-instate all the provisions of the National Energy Program as outlined in October 1980. I am not so foolish as to ask such a question, nor was I asking it. However, it seems to me that government policy at the federal level could include made in Canada policies that do not necessarily parallel what was involved in the previous policy, and that is what I am asking. Will this government face up to its responsibility and try to do something that will show respect for the fact that one sector—an important sector—of our economy will be in very serious difficulty unless some change is made? Will those changes be made by the people who are supposed to be leading this country, or is the government simply going to stand by and let political decisions made outside the country determine what the future of that sector will be?

Senator Roblin: Honourable senators, I must go back to the first part of my honourable friend's question when he adverted to the general effect of changing oil prices and to my statement. He will recall that I told him a few days ago that in looking at this matter there were pros and cons, that some

gained and some lost. My general comment had to do with the impact of lower oil prices in the great world of which we are a part. However, that does not by any means minimize the difficulties being faced in oil producing sectors of this country. I am rather pleased to hear that he does not want us to bring back the National Energy Policy.

Senator Olson: I did not say that.

Senator Roblin: I can set his mind at rest and tell him that we have no intention of doing anything of the kind. If my honourable friend thinks that the Government of Canada can isolate itself from decisions made in the oil industry outside the country, he is wrong. We could not do it before. We tried; God knows, we tried to insulate Canada from the effect of oil changes outside this country and, as he said, political decisons made by others. What was the result? I think even my honourable friend would say that it was not very good. So if he thinks that we will embark upon that same method of dealing with this question, he is wrong. If he has some ideas and wishes to tell me about them, I would be glad to hear them.

Senator Olson: Honourable senators, I do not want the Leader of the Government to misinterpret what I have said.

Senator Flynn: Oh?

Senator Olson: I would not want Senator Flynn, who is shaking his head, to do so either. Considering that this government was elected on the promise that they were going to do certain things to expand the economy in all parts of Canada, I think it is sad that they now come, in sackcloth and ashes, and admit that they have no imagination or ingenuity whatsoever. I think it is sad that they cannot do anything except repeat what was involved in the National Energy Program, which they rejected. We understand that. But to say that there are absolutely no other policies that this government can imagine or that it has not the ingenuity to work out so that there can be some influence exerted by Canadians over this important economic sector in our country, and particularly by the federal government, I think, is an admission of bankruptcy of ideas and policy. Quite frankly, I am surprised.

However, setting that aside for the moment, I am simply asking the government if they intend to stand idly by with what my friend has called a watching brief and do nothing more than that, while political decisions that are made by people outside of this country—and in this case, I guess, mostly by Sheik Yamani and company, however large that company may be, whether it be OPEC or whatever—determine what the economic policies in Canada are going to lead to.

Senator Roblin: My honourable friend knows that there are plenty of ways in which the government could act. We could subsidize everyone in sight if they ran into economic difficulties of one kind or another, but it simply would not be a good idea to do it. I think we shall continue our course at the present time and let economic forces have their play because, in the long run, no nation has been able to do anything else.

Senator Olson: I intend to be in Alberta this weekend and I will report, then, that the government intends to do nothing, no matter how serious the situation gets. The government has been telling us that the situation would not last, and predicting that the problem would not be this serious. The situation is now extremely serious and it has lasted longer than the month or two that some people thought it might in the first place. I can report that the government does not intend to take any action, even to smooth out the rough spots on this particular decline in this important sector.

Senator Roblin: My honourable friend never heard from me that this was a short-run problem, because I have been warning him all along that no one could predict to what level the price of oil would drop. Today the price is $14.75 and one does not know what it might be tomorrow. All the wise men can tell you what the answer is, but you must wait and see what it is.

As to what the government intends to do, the government will do what it deems to be appropriate at the time and in the circumstances. If there is a policy to be announced that we think will be effective, then we will certainly make such an announcement, but I tell my friend that I have nothing to say to him today.

Senator Olson: My concern is with what I am to say to the people whose lives, jobs, income and entire livelihood depend on what is happening in this industry. As I understand my honourable friend, either the situation is not serious enough to warrant the government's taking some action, or they believe that the decisions that are made outside of the country, as I have mentioned, are appropriate for the internal economic activity of Canada.

Senator Roblin: I hope that when my honourable friend is talking to his friends in Alberta, he will remind them of the good advice and counsel he gave them several years ago when he was telling them that the National Energy Program was the answer to all of their problems. I suppose that they will pay the same amount of attention to him now as they did then.

Senator Olson: That is good.

NATIONAL DEFENCE

NEW BRUNSWICK—LAY OFF OF CIVILIAN PERSONNEL AT CANADIAN FORCES BASES

Hon. L. Norbert Thériault: I wonder if the Leader of the Government in the Senate can enlighten me and help me answer the numerous queries I get on weekends, when I get to New Brunswick, from people who, for years, have been working around the military bases in New Brunswick—namely, CFB Chatham, CFB St. Margarets and CFB Gagetown.

The Leader of the Government in the Senate will remember that in 1984 the leader of his party travelled across New Brunswick and promised to enhance the military presence and the military establishment and thereby increase the number of jobs around those establishments, both in New Brunswick and in other parts of the Atlantic provinces.

• (1420)

On a daily basis those people are being laid off or are being told that they will be laid off, and if the leader wants to verify this, he can do so by checking with the member for York-Sunbury, the constituency in which Canadian Forces Base Gagetown is located. People are very concerned about this.

I was asked over the weekend to try to get an explanation as to why the current government is able to find what someone has said will be between $75 million and $100 million to replace the uniforms of the members of the Canadian Armed Forces while, at the same time, the government is trying to save money by laying off civilians working on military bases.

The government is cutting the number of jobs in two ways: first of all, by firing more people; and, second, by replacing civilian personnel with military personnel.

Of course, the Leader of the Government in the Senate knows that when military personnel are used as firefighters, mechanics, drivers, and so forth, this reduces the ability of the members of the Canadian Armed Forces to be flexible enough to do the jobs they are supposed to do.

Will the Leader of the Government in the Senate give an answer to my question that will assist those people in that situation?

Hon. Duff Roblin (Leader of the Government): I will refer the contents of my honourable friend's speech to the Minister of National Defence. No doubt, I will be able to provide further comments.

AGRICULTURE

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, yesterday we heard what I thought was a real ray of hope from the Leader of the Government in the Senate concerning the possibility of an announcement in the very near future on a sugar-beet policy.

I wonder whether the Leader of the Government in the Senate can undertake, given the interest of members of this chamber in the topic over the past year, and because of the emergency debate which took place in this chamber, that when such a statement or announcement is made, it will be made in the Senate at the same time as it is in the House of Commons. If the Senate should not be sitting, could the Leader of the Government in the Senate undertake to see that those senators who have been interested in the issue shall be communicated with respecting that announcement?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I should like to congratulate my honourable friend on her ingenuity, on her flexibility of mind and inventiveness. Every day she has asked me a question about the sugar-beet industry, and on each occasion she has been able to put a slightly different twist to the question, which has made it very interesting.

Some Hon. Senators: Hear, hear.

[Senator Thériault.]

Senator Roblin: So, I wait to see every day what variation on the theme she is going to play.

I have heard what she has asked today, and I will give it serious consideration.

Senator Olson: The best answer we have received so far was given yesterday.

Hon. Gildas L. Molgat: If I may, honourable senators, I have a follow-up question on the same subject.

The Leader of the Government has said that there is a new twist to Senator Fairbairn's questions every day. Unfortunately, the new twist is becoming much more serious as time goes on and no decision is taken.

Last week, for example, in Winnipeg—and I do not know if the leader has seen this or not—the headline was: "City Sugar Firm Issues 70 Lay-off Notices." So, the sugar-beet refinery in Manitoba has sent its workers a three-month notice dated last week advising that jobs will be lost. We simply cannot afford to let this industry go down the drain in the way it is going, and it is going down the drain because of indecision.

Can the leader not make a positive statement that this industry will continue, or, at the very least, give us a specific date in the very, very near future on which an announcement will be made so that these people can make plans for the future? As it is, the leader can see the results—workers are being told that they will be laid off.

Senator Roblin: My honourable friend was here yesterday. He heard the reply that I gave yesterday to the same sort of question, and the same answer sticks.

Hon. H. A. Olson: I have a supplementary question. Did the Leader of the Government promise yesterday that he was going to deliver a reply by March 3 or did he not? He left it a little hazy. You could almost take out of it that certain things like a march on Parliament Hill might not be necessary by March 3. You know, that is a little subtle. Can we get past this haze and this subtlety? Can you tell us whether or not we can expect an answer by March 3?

Senator Roblin: The answer that I gave yesterday speaks for itself, honourable senators.

FRANCOPHONE SUMMIT

CANADIAN HEAD OF STATE—REPORTED STATEMENT BY PRIME MINISTER

Hon. Charles McElman: Honourable senators, as the bell rang today for gathering here, I was listening to a news report on the people's national network. It was reported that in Paris today the Prime Minister, the Right Honourable Brian Mulroney, had advised that he—in order to explain, I guess, the difference between himself and the Premier of Quebec—

Senator Flynn: And New Brunswick.

Senator McElman: No, just between himself and the Premier of Quebec. He was advising that he is the Head of State for Canada.

My question to the Honourable Leader of the Government in the Senate is: Have Her Majesty the Queen and Her Excellency the Governor General been advised of this startling development?

Hon. Duff Roblin (Leader of the Government): I would not care to be the one to advise Her Majesty the Queen of this startling development, believe me. I think it is obviously a slip of the tongue, and I am sure that the Prime Minister will take an opportunity to rectify it when he is able.

HEALTH AND WELFARE

SOCIAL ASSISTANCE PROGRAMS—UNIVERSALITY—GOVERNMENT POLICY

Hon. Gildas L. Molgat: Honourable senators, yesterday I asked a question of the Leader of the Government with regard to universality and, in the light of a newspaper report, I asked whether there was a possibility of a major debate coming up on the subject. Quite properly, the government leader replied, "I do not make myself responsible for newspaper reports." I do not quarrel with that because, admittedly, my question was based on a newspaper story. However, prompted by his reply, I went and sought the original source of the information and I now have quotations directly from the Prime Minister. They are taken from a Canadian Press story of January 29, and are as follows:

> "We will have to readjust our social philosophy.
>
> We are not in a position to do everything for everyone, but we can do more for the less fortunate in our society."

And later he is quoted as saying:

> . . . "it will take us more time than we thought to have this debate on the great social questions." But, "we have not ceased our efforts, as you will see in the budget."

I repeat again that these were in quotation marks. Admittedly, this is in the English translation and it refers to a lengthy interview with *Le Devoir* in Montreal, so I sought out the French text and again there, c'est la même chose.

[*Translation*]

The Prime Minister stated:

> "We will have to readjust our social philosophy. We are not in a position to do everything for everyone, but we can do more for the less fortunate in our society."
>
> It is difficult to engage in a serious debate on matters that become highly political. It will take us more time than we thought to have this debate on the great social questions. Meanwhile, our efforts have been unrelenting, as you will see in the Budget.

My question is as follows: Does the government intend to launch a debate very shortly on the question of universality of social services in Canada? Is that the position of the Government?

• (1430)

[*English*]

Hon. Duff Roblin (Leader of the Government): Honourable senators, I think that my honourable friend has answered his own question. Obviously, the reference was made to what may be contained in the forthcoming budget. When my honourable friend is in a position to listen to the budget proposals, he may then form his own conclusions. I am sure that if he wants to debate the question of universality after he has heard the budget proposals, this house will be able to afford him that opportunity.

FOREIGN AFFAIRS

PHILIPPINES PRESIDENTIAL ELECTION—STATUS OF CANADA-PHILIPPINES RELATIONS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to follow up on an answer that was given yesterday to Senator Graham. He had asked whether we might expect some kind of formal statement from the Government of Canada with respect to the Philippines situation. Senator Roblin replied as follows:

> I share my honourable friend's concern about the legitimacy of the elections in the Philippines.

That, in itself, constitutes a statement of government policy.

I wonder whether, now that the Leader of the Government has made this statement which questions the legitimacy of the election in the Philippines, he will arrange to have that view transmitted to the Government of the Philippines? I think that is a view which is justified. I think it would be useful if the Government of the Philippines were made aware of the existence of these concerns about the legitimacy of the election—concerns not only in the minds of Senator Graham, at least four U.S. senators and the President of the United States, but also in that of the Government of Canada.

Hon. Duff Roblin (Leader of the Government): I am sure that the Secretary of State for External Affairs will be a little surprised at my honourable friend's interpretation of my remark on that occasion as representing a statement of government policy, although I suppose that it might be interpreted that way. I must confess, however, that it was more a statement of my own feelings on the matter. I have not consulted with my colleagues on this particular point. The question, however, is this: Is the Government of Canada going to make a statement about the Philippines? I said yesterday that I would find out the intention of my cabinet colleagues in that respect.

Senator MacEachen: Honourable senators, I think that I would want to encourage the Leader of the Government to have his own feelings, which he expressed so candidly yesterday, transformed into a statement by the Secretary of State for External Affairs, who must be considering the matter and who, with the support of the Leader of the Government, might be able to make a statement to the effect that we are concerned about the legitimacy of the election in the Philippines.

Therefore, I encourage the Leader of the Government to follow up on the matter.

Senator Roblin: I take encouragement wherever I can get it. My honourable friend has expressed his opinion on this matter—he obviously wants Canada to make a statement expressing disapproval. I will certainly make that opinion known to my colleague, because I hope that the government will be able to make a statement on the matter.

CANADA-UNITED STATES RELATIONS

TRANS-BORDER POLLUTION PROBLEMS

Hon. Joseph-Philippe Guay: Honourable senators, two weeks ago I brought to the attention of the Leader of the Government in the Senate the concern of the people of Manitoba regarding the proposed nuclear dump south of the border between Manitoba, North Dakota and Minnestoa. Consideration is still being given to the proposed dump, and the matter is causing ever greater concern. It was raised again yesterday in newspapers in Manitoba, which reported that the proposed Minnesota nuclear repository is viewed as a hostile act against a friendly neighbour. We are more concerned than ever because, as I mentioned on that occasion, such a dump would spoil the waters of the Red River and all of the fresh fish in our lakes.

Knowing that our leader is from Manitoba, I realize that he is personally aware of the problem. He sits as a member of the cabinet and is rather close to the Right Honourable the Prime Minister, the Secretary of State for External Affairs and the Minister of Energy, Mines and Resources. All of these people take part in the discussions that take place with our friends, the Americans. I request that the Leader of the Government in the Senate make a particular effort to place emphasis on this matter when he speaks about it to the Right Honourable the Prime Minister and his other colleagues so that the people of Manitoba will rest a little easier, feeling that appropriate representation is being made by the federal government. They will know that they do not have to depend solely upon the efforts of a few representatives of my province, but that our case will be put more strongly and that the results will be more to our advantage. That is my request.

Hon. Duff Roblin (Leader of the Government): Honourable senators, it is not only the people of Manitoba who have concern about where these nuclear dumps are located. The matter also concerns the people of New Brunswick because they are under the same threat. There are at least 30 locations in the United States which are being examined as "repositories"—if that word could be used—or dumps for these wastes. Two of those locations, in particular, are close to the Canadian frontier; one is close to New Brunswick and one is close to Manitoba. The Government of Canada is no more anxious than my honourable friend to have our territory or our people placed in jeopardy by the locations of these dumps.

We see it as a serious problem. As to what we are doing about it, first of all, it has been placed on the agenda for discussions between the Secretary of State for External Affairs and the Secretary of State in the United States, as the court of first instance, one might say. At the same time, the Government of Canada is actively soliciting the co-operation of the provinces, which have a constitutional interest in natural resources, so that we may have a unified front as far as Canadians are concerned. It is my understanding, although I will have to confirm this, that representations have been made to the two provinces concerned to get a united policy in respect of the matter. I notice in reading the press of Manitoba, that the present government there does not seem to have thought it desirable to indicate the nature of its conversations with the federal government on the matter or, if it has, I have overlooked it. Let us hope that I have overlooked it, because I think this is one matter in which we need have no political differences.

Senator Guay: Supplementary to that, my concern, honourable senators, is the fact that the Americans have held meetings as recently as a few days ago. They call these "explanatory meetings," and this fact also creates some concern. There might well be other areas they are considering, but I believe that the two that have been mentioned—those near Manitoba and New Brunswick—are the only ones so far about which such meetings have been held. That is why we are very concerned. No doubt the Leader of the Government is aware of these meetings.

Senator Roblin: Yes, I am, honourable senators. I can say that a number of these so-called explanatory meetings are being held in the United States, one very recently in New Hampshire. The opposition of the people of New Hampshire to the whole idea was just as vehement as that which one sees in Manitoba and New Brunswick. But I want to tell my honourable friend that, if I understand the process correctly—and I think I do—it is not a matter that will be decided overnight. It will be a long time, perhaps years, before any determination is made. It is all the more important, therefore, that we should get our objections on paper and into the form of representations as soon as possible.

Hon. Charles McElman: By way of a supplementary, honourable senators, I ask the Leader of the Government in the Senate to ask his colleagues to pay particular attention to what I am sure he will appreciate is an important point. I ask that no site be even considered if its location will affect headwaters of rivers which have their origin in a state of the Union and which then drain into Canada. In the case of New Brunswick, such rivers might originate in the state of Maine. Manitoba might also have the same problem. The concern is properly being expressed in both areas of Canada. It has been shown very clearly in recent times in Ontario that no matter how deep the receptacles are placed in which chemicals or other wastes may be disposed of, they do not stay out of sight or out of mind. They have a habit of popping back as they are doing currently in the waters of Ontario. Even though it is proposed that these deep well and cavern disposal units may be between 2,000 and 4,000 feet underground in non-fractured rock, the area of which we are speaking, the border area of New Brunswick and Maine, is an area of not heavy but continuing

small earthquake activity. Therefore, I ask that special attention be given to opposing any of these sites which may affect the watersheds that drain into Canada from the United States.

• (1440)

Senator Roblin: Honourable senators, I will do so, because my honourable friend has put his finger on one of the main points at issue: What happens to the underground waters when these things are in place?

ENERGY

OIL PRICING

Hon. Peter Bosa: Honourable senators, my question to the Leader of the Government is supplementary to that asked earlier by Senator Olson concerning the price of oil and assistance to the oil industry. The Leader of the Government suggested that it is the government's philosophy not to interfere in the marketplace. However, a former Conservative government—that of the Right Honourable John Diefenbaker—in the later 1950s and 1960s did interfere in the marketplace by dividing Canada into two parts with regard to the sources of supply of oil. East of the Ottawa Valley the oil was to be supplied from imported sources, whereas oil west of the Ottawa Valley was to be supplied by Alberta, which enabled that province to develop its infant oil industry; and Ontarians as well as western Canadians paid a premium for that. Also, Canada benefited through the National Energy Program, when Canadians were paying 85 per cent of the world price for that commodity.

Now that the price of oil has declined so dramatically, does the Leader of the Government suggest that the oil industry has reached the stage of adulthood that it no longer needs any assistance, and that if we were to have a future crisis similar to the one we had in the 1970s, Canada would have enough oil supplies and we would not face the same dilemma as that faced in 1980 when a ship that was to deliver 25,000 barrels of oil to Canada was diverted because it was needed in the United States?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I should tell my honourable friend that he need not expect me to apply any strict ideological or doctrinaire test to what governments do in the economic field. It is a matter of what we deem to be practical and helpful in the circumstances. I am simply saying that I do not believe that we have reached the stage where we think that a move of the kind that is hinted at is appropriate. As for that tanker, they will be queuing up to get into Halifax one of these days, not to get away from it.

Senator Bosa: As a supplementary question, I realize that we are passing through a period of abundance at the present time, with an oversupply of oil; but what will happen if we have a crisis similar to that in the late 1970s?

Senator Roblin: "If 'ifs' and 'ans' were pots and pans, there'd be no need for tinkers." If I could see the future as well as my honourable friend can, perhaps I would have an answer; but I cannot.

Senator Bosa: But it is wise to be prepared, though.

INDUSTRY

AEROSPACE—ALLOCATION OF SERVICE CONTRACTS

Hon. Gildas L. Molgat: Honourable senators, I have a question for the Leader of the Government in the Senate concerning a very important industry in Manitoba, with which I know he is very familiar. I refer to the aerospace industry which over the years has been important to Manitoba, representing as it does, on the average, approximately 10 per cent of the Canadian aerospace industry.

Recently, following the Prime Minister's visit to Montreal where, it seems, he made a number of commitments regarding the aerospace industry, announcements were made of major contracts to Spar and Pratt & Whitney. The Montreal newspaper *La Presse* reported that crown-owned Canadair would get the multimillion dollar service contract for the CF-18 aircraft.

I believe that my honourable friend knows that the Winnipeg company, Bristol Aerospace, has also been in the bidding for that particular contract. Can the Leader of the Government now inform us of the situation, because no announcement was made about Canadair, although rumours were circulating that it was going to Montreal. Can he tell us where that matter now stands?

Hon. Duff Roblin (Leader of the Government): Honourable senators, it is true that the government announced just the other day that it thinks it has been able to assist in the development of some 2,500 aerospace jobs in Montreal. I, for one, have no dog in the manger attitude in respect of that. I am glad for their good fortune, and I am sure they have an industry there that is fully competent to do the things we expect it to do.

It is also true that we have an aerospace industry in Manitoba, and it has been very successful. While there has been the announcement to which my honourable friend referred, I will certainly do whatever I can, as a senator from Manitoba, to make sure that that province receives appropriate consideration based on its capacity and its efficiency to do the job in the whole aerospace industry.

With respect to the contract for the maintenance of the CF-18, what my honourable friend has told me is a rumour only and I certainly would not like to comment on it. No decisions have been arrived at in respect of that matter; nor do I expect them in the near future.

Senator Molgat: Perhaps I may ask a further question on the same subject. Can the Leader of the Government give us any indication as to when a decision might be made on the CF-18 contract? I ask because there was a further report on February 18 that according to a company spokesman, Bristol Aerospace will lay off 41 junior overhaul workers on February 28. The reason given is that the company's present aircraft

overhaul contracts have come to an end and they are waiting for a decision on the company's bid on a $300 million contract to service CF-18 aircraft. May I ask when a decision might be made?

Senator Roblin: Honourable senators, as soon as the government has analyzed all the factors in the situation, an announcement will be made.

EMPLOYMENT AND IMMIGRATION

STATUS OF IMMIGRANT WIFE OF CANADIAN CITIZEN

Hon. Philippe Deane Gigantès: Honourable senators, I should like to ask the Leader of the Government if he would kindly intervene on behalf of someone who needs help. I refer to a young woman who has been wronged. A Canadian of Greek descent went to Greece, married her, brought her to Canada, gave her a child and then abandoned her. The Department of Employment and Immigration tells me that even though the child was born in Canada and is therefore a Canadian citizen, it will not grant the mother permission to stay here.

I would be most grateful if the Leader of the Government would agree to let me send him this correspondence, and if he would use his good offices on behalf of someone who has been wronged by a Canadian citizen. She is the mother of a Canadian citizen, albeit a very young Canadian citizen, who has the right to remain in this country.

Some Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): Honourable senators, it would be most useful if my honourable friend were to send me a copy of his information. But I would like him to do something else. I would like him to initiate action himself directly by representations to the Minister of State in charge of immigration. That is the direct route and I recommend it.

Senator Gigantès: Honourable senators, I have written to the minister, and one of the minister's officials replied, referring to my letter of December 20. So, I did write to the minister and received an official answer. However, I am grateful to the Leader of the Government for being willing to help.

REPRESENTATION BILL, 1985

THIRD READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Macquarrie for the third reading of Bill C-74, intituled: "An Act to amend the Constitution Act, 1867 and the Electoral Boundaries Readjustment Act and to provide for certain matters in relation to the 1981 decennial census".—(*Honourable Senator Corbin*).

[Senator Molgat.]

Hon. Eymard G. Corbin: Honourable senators, Bill C-74, an act to amend the Constitution Act, 1867 and the Electoral Boundaries Readjustment Act and to provide for certain matters in relation to the 1981 decennial census, has now reached the final step of a difficult journey. The bill before us is the product of the government of the day. It says a lot about its notion of parliamentary democracy. The bill is flawed in more ways than one! It is flawed in its content, flawed in its timing and flawed in the process used to push it through Parliament. I will come to some of those matters in an instant.

• (1450)

Let me begin today by saying how grateful we should all be to Senator Stewart for his articulate and justified defence of the regional interest, the so-called small provinces' interests as they are being affected under the proposed legislation. In summing up his argument yesterday, Senator Stewart dealt a serious blow to the government's credibility arising from its lack of concern for the not-so-well-off regions of the country and, in my opinion, he is absolutely right. We have all taken note that government supporters from those regions, with the exception of perhaps one person, have remained silent. I recognize that that is their absolute right, but will the people remain silent? Perhaps it would be useful to quote from an article published recently in the "American Review of Canadian Studies, 1985, Volume XV, no. 3", written by Professor R.K. Carty of the Department of Political Science, University of British Columbia. Though he refers specifically to the modest improvement in apportionment of seats at the level of provincial legislatures, his general comment may well apply to the specific unfairness described by Senator Stewart of Bill C-74 as it affects the proposed redistribution and allocation of seats to Newfoundland, Nova Scotia and Manitoba. Professor Carty writes:

> With the entrenchment of the new charter of rights in the constitution, the continuing poor apportionment of Canadian legislatures might be challenged in the courts as a violation of a citizen's right to vote.

He goes on:

> Certainly, one might expect to see struck down those provisions of the Acts that provide for, or allow, excessive malapportionment.

And he concludes:

> As in so much that is Canadian, one ends where many begin—with the Constitution.

Some of our colleagues on the government side have repeatedly argued that many, if not a sufficient number of witnesses, had testified before both the House of Commons Standing Committee on Privileges and Elections at the stage of study of the white paper and at the legislative stage, as well as before the Senate Legal and Constitutional Affairs Committee, and that we ought to move on. Yes, one must recognize that there were a number of witnesses, most of them professors, scholars of one shade or another, specialists in political science, and in the electoral process. All hues and shades of opinion were laid

on the table, and in the opinion of some, enough to satisfy the pros and cons.

At the white paper stage of the exercise—and one must note that it took place in June of 1985, at a time when most members of Parliament are buried under a heavy legislative agenda and are under terrible pressure to get things moving and fast—the public was not invited to testify. Invitations were sent out to a select few professors, as a matter of fact, two of them. I am not commenting on the quality of the exercise. I am simply noting that it occurred and the circumstances under which it occurred. There was no advertising inviting comments from the public at that stage, an unusual omission or oversight, if you want to call it that, in the case of a document normally published for widespread examination by the Canadian public in general.

A few months later, in the fall of 1985, Bill C-74 was introduced and the general public was invited to present briefs and comments on the proposed legislation. Most of the responses came from the academic community, the Canadian Labour Congress being a notable exception. We all know in what high esteem that organization holds the Senate, so I will pass.

There is nothing wrong with having academics appear before a committee of either house. On the contrary, these people are generally helpful through their understanding of the process, the law and the historical patterns. But what was the response of John Q. Public and Jane W. Public? Practically nil. Is that to say that there was no interest out there? As I said in my remarks on second reading, the public will only understand when the act is being implemented and its provisions are being applied, but then it is generally too late to do anything unless some special effort is made to popularize, if I may use that expression, complicated matters at the legislative study stage. I do not believe that that was done in this instance. The law is the law and redistribution commissioners apply the law as they read and interpret it, not as the public feels it ought to be applied or as parliamentarians thought they would have it applied. Professor John C. Courtney made this point tellingly in the House committee when it was dealing with the legislation.

As to the argument that we have heard enough witnesses, that enough time had been provided, I quote a letter which came into my hands by direct mail, so to speak. It is dated November 4, 1985, and addressed to the Clerk of the Standing Committee on Privileges and Elections, House of Commons, Ottawa, Ontario, KlA 0A6. Although the clerk is a person of the other sex, it begins:

> Dear Sir,
>
> The advertisement in the *Globe and Mail* of October 31, 1985, states that deadline for submissions to the Standing Committee on Privileges and Elections must be received by you by November 15, 1985.
>
> Two weeks to research, study, and submit recommendations on a matter as important historically as representation by population is completely inadequate.
>
> As a representative of the Federal Progressive Conservative women in British Columbia who are interested in studying changes that a Progressive Conservative government proposes, may I request the Committee to extend the date for submissions at least to February 22, 1986.

Today is February 19, 1986. The letter goes on:

> We trust that notice of reception of submissions to your Committee was adequately given in British Columbian publications.
>
> Yours truly,
> Margaret Maxwell
> Director, FPCWABC

Copies were sent to the chairman of the committee and another member of Parliament. Who wrote that letter? It was written by an official of the Federal Progressive Conservative Women's Association of British Columbia who was genuinely concerned with the redistribution process. Was this person given the opportunity to appear in the other place or in this place? I do not know, but I do not think so. Perhaps she received one of those mysterious telephone calls from the Prime Minister's Office, but it is obvious that her request for an extension of the date for the submission of briefs at least to February 22, 1986, was not sustained by the committee of the other place.

• (1500)

Today is February 19 and we have reached what I believe is the final stage of Bill C-74. This woman's request was for an extension to at least February 22 for submissions. This is a member of the public making what I think is a very reasonable request dealing with what is perceived by many to be a complicated bill. Therefore, let no one point a finger at the Senate, at Senator Stewart or myself, for suggesting that enough witnesses have not been heard. We are well ahead of the schedule proposed by the supporters of the Progressive Conservative government. We, on this side of the house, would gladly give the FPCWABC the hearing they requested before the end of this week, if they so wished. I am in the hands of the house.

[*Translation*]

During the debate on second reading, Senator Flynn, the government's official spokesman, said as follows:

> . . . the rules for drawing the boundaries of electoral districts substantially reflect the views of all parties. There were some differences of opinion, but according to my information, nothing substantial.

I am quoting from page 1751 of the *Debates of the Senate* of December 18, 1985. Senator Flynn went on to say:

> In any event, I would say this is an area that almost exclusively concerns the House of Commons, and I think that we as a non-elected chamber and as appointed legislators are hardly in a position to tell the members of the House of Commons how they should proceed to draw the boundaries of their electoral districts.

> Nevertheless, if there were some major questions of principle, the Senate would certainly have a contribution to make.

I agree that Senator Flynn is a perfect gentleman most of the time, and I say this in all sincerity, except when he indulges in untimely remarks which he usually ends up regretting and promptly tries to forget, as we do.

Senator Flynn: I forget yours too.

Senator Corbin: That's fine with me. But the words I quoted just now were not spoken in the heat of debate. They were spoken calmly before an attentive audience.

He interpreted what happened in the other place, that is, that closure was imposed at the third reading stage as a way to counter a simple strategy by the opposition.

Honourable senators, it was the first time a government used closure to put an end to what historically has always been a dispassionate and non-partisan debate, tending to lead to a broad national consensus, to the general satisfaction of all parties, and, if I may say so, of the electorate.

[*English*]

That, honourable senators, was one of the flaws affecting the process in Bill C-74; the use of closure, the guillotine, with the consequent result that we were sent an imperfect bill with imperfect solutions to a problem.

[*Translation*]

Nor do I agree with Senator Flynn's other comment, and I quote:

> I would say this is an area that almost exclusively concerns the House of Commons—

On the contrary, we as senators are involved on four counts: first of all, as individuals we are voters like any other Canadian who is entitled to vote. We have the right to examine what is done in the House of Commons with respect to the government's legislative proposals. It is as simple as that. We are like any other member of the public.

Second, it has been understood ever since the beginning of Confederation that the Senate speaks for the interests of the regions and the provinces. Bill C-74, in terms of its nature and its impact on representation of the regions and the individual provinces in the House of Commons, is exactly the kind of bill that should be given thorough consideration by the Senate. To remain silent on a matter as fundamental as the readjustment of electoral boundaries, as Senator Flynn almost persuaded us to do, would be irresponsible in the extreme.

Senator Flynn: Honourable senators, I want to raise a question of privilege. I did not discuss the kind of issues you have been mentioning since the beginning of your speech.

Senator Corbin: Honourable senators, if I have offended the sensibilities of Senator Flynn, I apologize.

Third, senators are very specifically involved in the adjustment process, as stated in Clause 7 of the bill. The bill says:

> For greater certainty, any member of Parliament may make representations at any sittings held by a commission for the hearing of representations from interested persons.

"Any member of Parliament" includes senators, as we were told and as was confirmed in committee.

Furthermore, honourable senators, when we read the following on page 1 of Bill C-74:

> Her Majesty—

Do we or do we not respect Her Majesty?

> Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

What are we doing here, Senator Flynn? Do we or do we not have a right to examine?

Senator Flynn: Try to understand.

Senator Corbin: Do we have authority to comment on bills, yes or no? I say yes, and the proof is there.

Finally, we are the chamber of sober second thought and of correction when the bills we get are badly drafted. Such was the case of Bill C-74. It is full of inaccurate terms, ill-defined objectives and nebulous formulae, and our duty is to point out these errors and shortcomings and to amend the bill accordingly. Apparently the government and its supporters wanted us to expedite our review. I acknowledge their right to put pressure on us, but it does not mean they were right. In my opinion that was not correct. Nor did they want to accept the amendments required to correct blatant discrepancies between the English and French versions.

For all practical purposes we were asked to pass imperfect legislation, sight unseen as it were. Why? Because any amendment means the bill has to be sent back to the House of Commons, something which this government does not want right now. It is unfortunate for the government, for Canadians and for the elected representatives, for in the end they will be most directly affected by the inaccuracies and confusing wording of the legislation.

Over the weekend I read the study done by Professor John C. Courtney for the Royal Commission on the Economic Union and Development Prospects for Canada. This study appears in Volume 38 titled "The Size of Canada's Parliament: An Assessment of the Implications of a Larger House of Commons".

On several occasions when he appeared before the House of Commons committee, Professor Courtney referred to "regional concerns," the "search for ways to meet the requirements of regionalism in national institutions and better regional representation," and so forth. Those are the kinds of concerns expressed by Senator Stewart and myself throughout the study of this bill, so we are not alone in that respect.

Professor Courtney also refers to minorities in his study, and I quote:

> A larger number of members in the House of Commons might have other consequences for the parliamentary, electoral and redistribution systems. If there were more MPs and smaller ridings, the minorities which for too long have been under-represented in Parliament might find it easier to appoint candidates for the main parties

and win elections. Groups which are defined by their race or ethnic origin—such as native people and urban immigrants who settled here after World War II—might find their social intergration within the political system somewhat easier if they could run as candidates in smaller, more populous and less diversified ridings where their relatively greater electoral importance would have a stronger impact on election results.

Again I quote from the same page:

In a larger House it would also be easier for women to get elected. According to the 1980 results, women candidates stand a better chance of being elected in smaller ridings. In the past the size of the legislative assembly has probably never been considered as a likely explanation for the political success of women.

Finally, I sum up the conclusion of Professor Courtney's study, and this should not take me more than three minutes:

If however the gradual increase in the size of the House of Commons were to follow the forecasts inherent in the amalgam method, the political regime might gain non-electoral benefits with respect to representation. Since it provides for the gradual increase in the number of MPs, the amalgam method more faithfully reflects the democratic principle of representation by population and to the less populated regions of the major provinces. A larger House might lead to improved electorate participation, to the political commitment and participation of the citizens, and to the electoral success of women and minority groups.

That is the beauty and usefulness of the amalgam formula I tried to defend at the second reading stage.

The present government, by acting hastily with this poorly constructed piece of legislation, possibly with an election in the back of its mind and in its misdirected zeal to cut costs, is doing Canada a disservice, especially this country's minorities and less fortunate regions.

I would ask Senator Flynn to read and reread Senator Courtney's submission to the House of Commons committee.

Senator Flynn: Senator who?

Senator Corbin: Excuse me, I mean Professor Courtney.

What is the price of democracy? Too high, says the present government!

Today we are far from the spirit that inspired the Fathers of Confederation. Power is a heady brew!

I spoke and argued a great deal when the bill was being considered.

Although I had the satisfaction of forcing the government to realize that my criticism was well-founded and exacted from the government a formal promise to have the text corrected later, my conclusion is and I repeat . . .

Senator Flynn: Possibly—

Senator Corbin: But Senator Flynn, you are contradicting the minister.

Senator Flynn: No, just read the report.

Senator Corbin: I will remember that. But I prefer to believe what the minister said in committee.

Senator Flynn: He said he would submit it for consideration, nothing else. These are false representations, like most of your comments this afternoon.

Senator Corbin: Calm down, Senator Flynn, you will have an opportunity to take the floor at the conclusion of the debate.

Before doing that, however, check what the minister, Mr. Hnatyshyn, said before the committee.

Senator Flynn: I did hear and understand him!

Senator Corbin: Yes, much as you had understood the debates in the House of Commons before Christmas. Talk about understanding!

In conclusion I repeat that we could have benefitted from the expertise of other witnesses to improve this bill, had it not been for the sword of Damocles hanging over our collective senatorial heads.

We were subjected to that kind of blackmail last year. Again this time they would like to blackmail us, but it will not work.

Somebody somewhere said that the electors get the MPs they deserve. The Senate was established to uphold provincial and regional interests, and to protect the House of Commons against its own excesses. Beware the government that manhandles the Commons and does not listen to the Senate, for the electors will remember!

I thank you, honourable senators.

In the name of Senator MacEachen, debated adjourned.

• (1510)

[*English*]

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Simard, seconded by the Honourable Senator David, for the second reading of the Bill C-80, intituled: "An Act to amend the Excise Tax Act and the Excise Act and to amend other Acts in consequence thereof".—(*Honourable Senator MacEachen, P.C.*).

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, a few weeks ago I read a letter that the Honourable Donald Fleming sent to the *Globe and Mail* commenting on a review which had been written by Mr. Peter Newman about his political memoirs. That stimulated my memory to recall that when Mr. Fleming spoke in the House of Commons, he used to tell the members what he was going to say before he said it. I always thought that that was a useful habit because everybody knew when the speech was about to terminate or when they could take a short recess in the

members' lobby. So, I will give the same opportunity to honourable senators.

I intend to cover, I hope briefly, three subjects: First of all, the committee treatment of this bill, which, as honourable senators know, was introduced in the May budget, and which contains tax measures related to the Excise Tax Act; second, I should like to refer to some of the provisions of the bill in the hope that the Senate Committee on National Finance, which will possibly conclude its study of the bill tomorrow, will take into account the comments which I will make in repetition of the comments which others have made on the bill previously; third, I should like to say a word or two about general economic policy as it is raised in the bill, and as it was raised by Senator Simard in his opening statement, wherein he referred to the substantial revenues which were to be raised through this bill, revenues which would make a contribution to the urgent task of deficit reduction.

• (1520)

I recalled, while Senator Corbin was complaining about the application of closure in the House of Commons to the Representation Bill, that this particular bill also was subjected to time allocation three days after the debate had commenced. Even though the Department of Finance and the officials of the Department of Justice took five months to transform the tax measures outlined in the budget into a bill unveiled in the House of Commons in October, the members of the House of Commons were asked to terminate their debate after three days. That, in itself, is an indication of the increasing tendency of the government to curtail debate and to limit the opportunities in the House of Commons and, as Senator Corbin inferred, in the Senate.

The government has put a great deal of emphasis on consultation and fairness. The Prime Minister and other ministers, certainly early in the life of the government—that tendency is becoming more muted at present—put a great deal of stock in listening to what the public had to say about measures coming before the House of Commons and about government policy in general.

The legislative committee of the House of Commons held 11 hearings and heard a large number of witnesses, all of whom voiced concerns about the impact that various measures in the amendments to the Excise Tax Act would have on their enterprises or on their livelihood or on the fairness of the tax system itself. There were, in fact, 17 associations or groups before the committee in the House of Commons. These groups included the Canadian Trucking Association, the Canadian Pharmaceutical Association, the Canadian Construction Association, the Canadian Federation of Agriculture, the Canadian Bar Association, and the Canadian Solar Industries Association Incorporated. The bill was reported back with 19 amendments. Witnesses were heard, recommendations were made, and 19 amendments were proposed.

It is interesting that despite the large number of witnesses, the only representations that were cast into amendment form and accepted in the committee were amendments proposed by the Canadian Bar Association. These were technical amendments. No amendments relating to the substance of the tax measures or to representations made by the other bodies were accepted by the committee or by the government. The minister herself said that the government was pleased with the efforts of the groups making representations before the committee, but that it was not possible to accept all their views. She was, nevertheless, grateful for the effort.

• (1530)

One has to question what, indeed, is the impact of the consultative process. One must question whether the government has, so early in its life, abandoned its self-professed intention of listening closely to the views of groups in the country. One witness before the committee said:

> We are frustrated with the whole process of consultation and co-operation which the federal government has invited, yet when we participate, we see no results.

That witness was Mr. MacDonald of the Confectionery Manufacturers Association.

The Standing Senate Committee on National Finance began its pre-study of this bill in the Senate on December 5, 1985. Senator Roblin said at the beginning of second reading of the bill that the bill had gone to committee for pre-study, and that—

> A wide variety of witnesses was present, including the minister and officials of the department. I believe there were about a half a dozen witnesses in all, the names of whom I have here.

The fact of the matter is that up to the present, as I understand it, no one has appeared before the National Finance Committee except the Minister of State for Finance, her parliamentary secretary and representatives of the Department of Finance. So there was not a wide variety of witnesses, unless the use of the expression "wide variety" is intended to state that there was presented before the committee a wide variety of views from the ministry. I repeat that up to the present, no one but the minister, her parliamentary secretary and departmental officials has appeared before the committee.

I understand that the committee will resume its deliberations tomorrow and that it is intended that at least one witness from the Canadian Institute of Chartered Accountants will be heard. That will be useful. I hope that he will be provided an opportunity to give his views on this bill, because not everybody is satisfied. One ought not to be surprised, because tax bills are notoriously unpopular, and the best that can be done is to ensure that the maximum fairness is provided in the legislation and that individuals have an opportunity to express their views. I hope that the concerns which I will express—and I will attempt to do so briefly—will be considered in the committee and that the committee will make some comments on the provisions of this particular bill.

One aspect of the bill that is quite surprising, at least to me, is the way in which energy and energy conservation is treated. The whole question of energy conservation and renewable resources has been uppermost in the minds of Canadians for quite some time. We now learn that energy conservation

products, which include heat pumps, solar panels and thermal insulation, are to be taxed. All of these items are obviously important in reducing our dependency on non-renewable energy. The government, the Department of Finance and the minister have succumbed to the temptation to arrest the process of seeking alternative sources of energy, it would seem, by imposing a tax of 7 to 11 per cent on heat pumps, wood-burning stoves, solar and wind collectors and insulation materials. The minister decided, in his wisdom, that all conservation and alternative energy products should be fully taxed. Well, I question the wisdom of that decision at this time. One of the witnesses before the House of Commons committee said:

> By imposing the tax, the government has ensured . . . there will be no revenue to tax. The tax has inhibited growth before it has begun . . .

He was referring to the new field of wind collectors. I draw this to the attention of this chamber because I think that it is a backward step that is not in the best interests of Canada.

I think that some pride was expressed in the idea that prefabricated construction goods are now to be taxed at their sale prices in order to put them on the same footing as all construction products. Perhaps that is fair—certainly the minister thinks it is fair—but the construction industry says that it is not fair. Let me inform honourable senators why the industry does not regard it as a fair tax. There are many contractors who had engaged in fixed-price contracts prior to the introduction and enforcement of the bill. These contracts often include prefabricated products which contractors assumed would not be subject to the 6 per cent sales tax in May 1985 and in January 1986. No notice was given to these people. No provision was made to allow them to apply for an exemption. The contractors now absorb these sales taxes with no recourse. They claim that it is not fair. On the face of it, it certainly does not appear to be a fair treatment of their situation.

The bill also raised the price of gasoline and diesel fuel by two cents per litre on September 3, 1985. One asks again whether revisiting the matter of tax on oil and gasoline was a wise move by the Minister of Finance. We have had in the past a defeat of a government on an increase in tax on gasoline, and one might have expected that the present Minister of Finance would be reluctant to revisit the scene of such a disaster.

Senator Flynn: Ours or yours?

Senator MacEachen: There is another provision which is worth mentioning, honourable senators, and that deals with the *ad valorem* tax on petroleum products and its replacement with a specific tax. This means that as of June 1, 1985, leaded gas is to be taxed at 32 cents per litre, while unleaded gas is to be taxed at 35 cents per litre. It is worth noting, honourable senators, that because of this proposal, we will now pay more tax on unleaded fuels than on leaded fuels at a time when we are fighting to keep our atmosphere clean, and when so much emphasis is being placed on a clean environment.

• (1540)

I turn now to another aspect of the bill. I believe this is the aspect of the bill which agitated Senator Leblanc (Saurel), the chairman of the committee, who considered proposing an amendment, or at least seeking some amelioration of this provision of the bill. In his introductory comments, Senator Simard spoke of how the bill gives taxpayers considerably more rights to appeal sales and excise tax assessments than ever before. That is true, and it is certainly a fair proposal. But he did not mention the injustice to taxpayers contained in the assessment and refund provisions of the bill. Because of the bill, the Excise Branch of Revenue Canada now has the power to audit and assess for a four-year period, while the taxpayer will be entitled only to refunds for the most recent two-year period. That inequity can be illustrated very easily. A taxpayer who made a mistake and underpaid taxes for a transaction that occurred four years earlier will be assessed and will be charged interest and penalty computed from the day the tax became payable. On the other hand, if the taxpayer made a mistake and overpaid tax for a transaction that occurred four years earlier, he cannot claim a refund in respect of the amount overpaid.

It may appear that all taxpayers are treated equally if inequitably by this amendment; but it seems to me that in addition to the inequity generally, there is unequal treatment. It is obvious that small businesses will find this particular amendment more difficult to deal with than will large businesses, because the mismatching of assessment and refund periods will be more onerous for small businesses than for large businesses.

So, honourable senators, there are certain aspects of the bill that are not pleasing, and I hope that when the committee meets tomorrow it will have an opportunity to take another look and to at least make some recommendations to overcome some of these generally recognized defects in the bill.

My third point has to do with a general proposition that was made by Senator Simard in his statement. I believe he was correct in reminding us that this bill was a key part of the budget of May 1985 and that it was introduced for the purpose of raising substantial revenues for the government in order to reduce the deficit.

As one is approaching a new budget in a very short time, one casts one's mind back to the period before the last budget and to the attitude of the government at that time. It was the prevailing rhetoric from the present Minister of Finance and his associates when in opposition that the important requirement of the country was to restore confidence in its investment opportunities. Indeed, the present Minister of Finance, when there was pressure on the Canadian dollar, constantly related it directly to lack of confidence. He said that if there were confidence in the economic management of the country, investors would be more apt to put their money in Canada, which would have an immediate effect of increasing the value of the Canadian dollar. As we know, not only was that theme put forward very strongly, but it was also clear from the budget itself and the budget papers that deficit reduction was to be, if

not the obsession of the Government of Canada, at least a primary goal. It was claimed that steps to reduce the deficit would have a profound effect in increasing confidence in the management of Canada's finances and in restoring the investment climate in the country.

Well, it is interesting to recall the events of the last few days, because the country has gone through a very deep exchange crisis. The Canadian dollar pierced the 70 cent level and the Minister of Finance and the Governor of the Bank of Canada had to undertake huge borrowings and operations in the financial markets. The Governor of the Bank of Canada himself has stated before the House of Commons committee that the actions were unprecedented. He stated that in his experience nothing like this had happened before, or words to that effect. I remind honourable senators what the Governor of the Bank of Canada said before the committee in explanation of the cause of the exchange crisis. He said:

> Most of the problem on this most recent occasion has been the spread of negative sentiment regarding the Canadian dollar, based on pessimistic perceptions in financial markets about our economic and financial situation.

The Governor of the Bank of Canada, of course, went on to say that these perceptions were misinformed; that everything was not quite as bad as the international markets thought they were; that, after all, the balance of payments was sound, and the performance of the country, the economy, was better. But despite all of that, the markets had a very pessimistic perception of Canada's economic and financial performance. So it is as if the Minister of Finance, as he prepares his budget for later this month, is starting from the beginning again. As of early February, the international and domestic markets had a very negative impression of what was happening in Canada. The Chairman of the House of Commons committee, Mr. Blenkarn, in a number of trenchant observations, drove home the point that Canadian interest rates at that time were running ahead of American interest rates by 4 per cent, a very substantial spread. When it occurred in the days of Liberal Ministers of Finance, it drew upon their heads the most unrestrained assaults possible. I do not think it ever reached a 4 per cent spread. Occasionally it was below the American interest rate, but Mr. Blenkarn drew that to the attention of the governor of the bank. I must say that he was as scathing on that occasion as he had been on the number of occasions I appeared before the committee and he was a member of the committee. I give him marks for his consistency. However, perhaps his popularity will not be as great. Mr. Blenkarn goes on to say:

● (1550)

> In other words, we have a 4 per cent competitive disadvantage in trade, in business, in activity, in everything that goes on in Canada. I was wondering why, in order to scorch a few speculators, we had to burn Canadians and burn the Government of Canada, which is carrying a $200 billion debt, to that extent.

[Senator MacEachen.]

I asked a number of questions of the Leader of the Government in the Senate in an effort to find out why this massive action was delayed for so long. I asked, "Would it not have been more prudent to have shown the hand of the government earlier to restrain the drop in the Canadian dollar and to avoid what became a very hefty increase in interest rates in the next two successive Thursdays?" I have been asking that question and I have not received a satisfactory answer. Perhaps it will be forever a matter of debate. It is my opinion that there has to be an answer given as to why there was the delayed response which resulted in those massive borrowings and that very hefty increase in interest rates in Canada. This is why Mr. Blenkarn said:

> I was wondering why . . . we had to burn Canadians and burn the Government of Canada . . . to that extent.

I think it is a damned good question. Obviously, in light of what was happening, the Minister of Finance and the governor of the bank could not sit idly by. That is understood, but why the delay? Is it too much too late? The governor goes on to say:

> Well, the objective, Mr. Chairman, was much broader than to burn a few speculators.

He goes on to testify later that, indeed, it was not speculation that had brought about the pressure, in the main, on the Canadian dollar, it was the negative sentiments. One of the members of the committee in the House of Commons had said:

> —are you saying that the real culprits in the process were the speculators—

To which the governor replied:

> No, I am saying the problem was—and I tried to make the point in my paper—the negative sentiment that had developed.

That is, the negative sentiment that had developed about Canada. It is unfortunate that the Minister of Finance is faced at this point with the necessity of taking another step in his budget to restore confidence in Canada's financial management, because that confidence, according to the evidence of the governor of the bank, is not present and that is what caused this crisis. The governor goes on to say, while listing the reasons why this happened, that the Bank of Canada might have been too soft in resisting this development. Later he says:

> The government deficit has been mentioned, and people await the budget with interest.

So, Mr. Wilson is not getting any thanks at all for the substantial revenues and substantial effort which, as Senator Simard has stated, is found in this bill to restore confidence and to reduce the deficit. He is not getting any thanks abroad. Now, Mr. Wilson is even having further additional demands made upon him as he faces the budget. Mr. Rowland Frazee wrote an article recently in the *Toronto Star* in which he said to the minister those familiar words, that he had taken a step in the right direction. That comment is always made before the real punch comes.

Senator Flynn: You would know about that.

Senator MacEachen: His real punch here is that this is still insufficient, that it does not go far enough. The budget is now the test and he has to perform again. I do not know whether Mr. Frazee expects Mr. Wilson to apply to Canada in proportionate terms the Gramm-Rudman provisions of the United States. People are watching and saying, "Well, if Canada does as well proportionately in deficit reduction as the United States is required to do under its law, then we may have some restoration of confidence." Mr. Frazee said that the deficit has to decrease by between $5 billion and $7 billion over the next two or three years. That is strong medicine. It is easy for the Chairman and Chief Executive Officer of the Royal Bank of Canada to say $5 billion to $7 billion in two or three years. But is that enough? That is the question. Will that be enough to satisfy those members of the market who have such influence on our interest rates and our exchange rates, who are not always right and who can be wrong? Mr. Frazee says—and I find this very interesting—

> The hard truth is that in our current fiscal situation, the vast network of social and economic programs that we have grown so used to, so comfortable with, are cumulatively unaffordable at current levels.

• (1600)

In other words, the hard truth is that our vast network of social and economic programs is unaffordable. We traversed that terrain following the last budget, and we know how unacceptable it is to the Canadian people to interfere with what is "unaffordable" in the mind of Mr. Frazee. However, he then goes on to say that reductions can be achieved without eliminating social programs or driving the country into recession. Honourable senators, that is true; you can make huge savings by not eliminating, but by remodelling social programs. That was attempted, and we are resisting a part of that remodelling to be found in the Family Allowance Bill. The government turned back from its efforts to "remodel" the Old Age Security program.

I just want to add one other point from Mr. Frazee's comments, which are very interesting and authoritative. He says the following:

> There are three basic messages business should be broadcasting:
>
> 1. The deficit and the debt are the most serious economic problems Canada faces, by far;

One could add in parenthesis, as it were, a question: "Why is it that despite the huge swollen deficit of the United States, which has been added to by even the present deficit-cutting President, prosperity is existing and growth is pretty strong in that country? Why is it that in Canada we have our third year of growth, despite this large deficit?" I find that that question has not been addressed by Mr. Frazee, and I think it is an important question.

Mr. Frazee's second message is that major spending cuts are needed and needed urgently and, finally—and this is the hardest point—that business must make specific suggestions as to what should be cut, with a clear willingness to pay its share.

I point out to honourable senators that there are no specific suggestions in this article. There is a very rigorous call for major deficit reduction before the budget from this gentleman who, I believe, is also the chairman of the Business Council on National Issues. Honourable senators, my point is a very simple one. I have referred to it at least twice, and that is that the fiscal plan of the government, which it so boldly announced last May, has really gone up in smoke. It has not convinced the international community. In fact, it has not even avoided the negative sentiment which caused this exchange crisis of a few days ago and has not assuaged the passion of the business community for additional spending cuts and for additional deficit cuts in the forthcoming budget.

Honourable senators, all I can say is that I sympathize deeply with the Minister of Finance who has suddenly been faced with an exchange crisis and with drastically falling oil prices in the few weeks before the budget. I sympathize with him because the fiscal and economic plan which he announced last May has proved to be so inadequate and has fallen so short of bringing about the solutions which he found so easy to apply when in opposition criticizing the former government.

Hon. Jean-Maurice Simard: Honorables senateurs—

The Hon. the Acting Speaker: I wish to inform honourable senators that if the Honourable Senator Simard speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

[*Translation*]

Senator Simard: Honourable senators, first of all, I would like to thank Senator MacEachen for his lecture on economics and his historical overview. Had I not known that for a number of years, he presided over the federal government's financial administration, I would have been impressed, and I might have taken his predictions and advice more seriously!

Canadians who are tempted to admire the senator's oratorical style and vast experience should remember what the Liberal government was preaching at the time, and all the predictions that failed us financially, socially and economically. In fact, that is why most of the people of this country voted for the Conservative government in September 1984. I will not dwell on this any further, but at the end of my speech I would like to say a few words about Senator MacEachen's last comments, his sombre predictions, his notes of warning and his sympathy with the Minister of Finance, Mr. Wilson, and the problems he will have to solve in his next budget.

Meanwhile, I would like to get back to some specific aspects of Bill C-80.

[*English*]

Senator MacEachen referred to the government's professed intention of listening to people. I believe that the government did listen to people and did take great care in preparing the legislation. According to Senator MacEachen, only 19 so-called technical amendments suggested by the Canadian Bar Association were accepted by the government. Perhaps that shows to a certain degree the seriousness and the hard work that went into the preparation of the bill. I need not refer

to the clauses and the many changes that were introduced, mostly concerning a greater degree of equity, whether we are talking about appeals or whatever, and that are now included in the bill. I suggest that the government did approve these many changes because it did listen to people and to our colleagues, both in the House of Commons and in the pre-study stage of the bill here in the Senate. Tomorrow we will listen further and we will hear what these people have to say about this bill.

● (1610)

It is not quite fair to say that we merely professed the intention of listening to people; we did listen to people—at least the members in the other place and the government listened to people, and I am glad that they did.

[*Translation*]

The Leader of the Opposition in the Senate referred to the problem that will arise for those working in the prefab sector. Well, we have heard that the problems were mainly a matter of administration and procedure, problems that were difficult to solve both for Revenue Canada and the business community. It is the best solution we have found up to now. If I understand correctly, the government is still examining the problem and will try to find a way to solve it.

I know that in 1963, the government was aware of the problem. (I do not know whether Senator MacEachen was Minister of Finance at the time). After he brought his budget down, he tried to provide some relief in the case of fixed price contracts. But there again, the method for determining what was taxable and what was not, and what was refundable, was extremely complicated, both for Revenue Canada and the business community. That is why the government has not been able to do more in this area.

When Senator MacEachen talks about energy conservation, deep down inside he realizes it would be politically profitable to mention the new tax in that sector. I think however he must admit that the problem is not quite as serious now as it was a few years ago. Perhaps at one time or another there was justification for exempting those products or taxing them at lower rates, but the current situation does not call for anything quite like that now.

Along with my colleagues, I will certainly attend tomorrow's sitting of the Committee on National Finance, and it will be interesting to hear what the Association of Chartered Accountants has to say. I dare hope that the evidence of the Association of Chartered Accountants will be rather challenging. If an amendment is to be introduced, and I hope not, it will not be because we have listened only to lawyers and accountants. I hope nobody will blame us for listening only to professionals, while in fact we did listen to the people before drafting the bill.

Senator MacEachen said that closure was imposed in the House after only three days of debate. I would suggest that those who resorted to—not invented—that method on several occasions are not on this side of the House. The Conservative government did not invent the guillotine. It has been used a lot of times; it was almost common practice in the other place a few years ago when Senator MacEachen was there, but I do not hold that against him.

In addition, Senator MacEachen spent the better part of ten minutes telling us all about Mr. Frazee's comments and concerns. I am duly impressed by Mr. Frazee's comments and advice, but I am just as anxious to hear what others have to say. I think that in the past the government has shown that it did not listen only to bankers, the lead actors on the national or international economic scene.

I am not really afraid, I am not the least worried about the fact that the government might give more consideration to Mr. Frazee's advice, namely the cut-backs he would like to see in social programs. I should think that the government will be able to make a judicious choice among the many recommendations it gets from ordinary Canadians, small businessmen or bankers generally.

Senator MacEachen tells us that confidence does not appear to have been restored. He points the finger at us, he blames us for the dollar crisis and its direct impact on interest rates. He also reminds us of the problems which plague the oil industry. I hope that for a while the government can continue and reach its economic goal. Honourable senators, I am aware that this is not enough and will probably never satisfy Senator MacEachen, a former minister of finance in another government.

I suggest that recent statistical data indicate a clear improvement in the areas of job creation, as well as unemployment and inflation levels. I recognize that a problem still exists. Positive indicators, however, seem to herald better days. I am willing to wait. I truly rely on the government's strategy. It could not be any worse than before 1984, anyway. I remember the time when we had four budgets a year. I could not say whether the Minister of Finance of the time yielded under pressure from Mr. Frazee or anybody else, but he had not much of a choice. In the end, it did not result in any major economic or political success.

● (1620)

In this connexion, I should like to repeat that my colleagues and I fully support the government's economic plan. I urge my honourable friends opposite to wait a few months or years and see. I suggest Canadians are ready to trust this government. Some would like to plead in favour of or protect all those Canadians who do not want to pay any taxes. They came forward last year when the government tried to make changes to the Family Allowance and Old Age Security Pension programs. When we dealt with the green paper on financial institutions and the resulting bill—Bill C-80 I think it was—to impose a minimum tax on banking institutions, some of our friends opposite, after having successfully defended students, as well as people on social welfare and family allowances, etc. felt the need to defend in turn the Royal Bank and the Bank of Montreal, as though the current problem was to continue forever without our ever trying to solve it. I suggest that the government's social programs are responsible and within our means. I urge my honourable friends opposite to give the government a break. I know that Canadians are mature

enough to give it a little more time, following their September 1984 decision. Personally, I shall sit tomorrow on the Finance Committee to complete the study of Bill C-80

I should be delighted if the economy lesson given by Senator MacEachen could be the first of a long series of conferences on the subject. This brought to my memory the many conferences of ministers of finance or first ministers which I have attended, as well as Mr. MacEachen's good years, when he was fully convinced that his proposals would get Canada going again, while promising better days economically and socially. I am looking forward to many other lessons from Senator MacEachen. They would certainly be enlightening. To improve the situation, we would be well advised to remember that those years were not so fine and rich in employment for Canadians. I suggest that if we want to prepare tomorrow, we should not imitate the former government and maintain the programs which it implemented or failed to implement. Let us try instead to build a more stable and economically acceptable Canada.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

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

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

[*English*]

NOTICE OF COMMITTEE MEETING

Hon. Orville H. Phillips: Honourable senators, may I take this opportunity to advise the chamber that the Standing Senate Committee on National Finance is scheduled to meet at 11 o'clock tomorrow morning.

● (1630)

SMOKING PROHIBITION BILL

SECOND READING—DEBATE ADJOURNED

Leave having been given to revert to Order No. 3:

Hon. Stanley Haidasz moved the second reading of Bill S-8, to prohibit smoking in certain work areas and on board certain modes of transport.

He said: I wish to express my thanks to honourable senators for allowing me to revert to Order No. 3 so as to deliver a few remarks on Bill S-8, to prohibit smoking in certain work areas and on board certain modes of transport. In rising to launch this debate on second reading of this bill, which I introduced in the Senate on February 13, I would like to make it clear that the primary aim of this proposed legislation is to protect the rights of non-smokers, who are now in the majority in Canada. According to a Statistics Canada report of 1982, 62 per cent of Canadians do not smoke. Essentially, this bill is designed to protect non-smokers from the deleterious effects of combustible substances, especially tobacco, found harmful to health. Furthermore, I wish to make it clear that this bill is in no way intended to deprive of their freedom those persons who wish to smoke a legal substance. I am sure we all agree that smokers have the right to smoke. But I also believe that smokers have a definite responsibility, and I would emphasize that it is a moral one, to consider the effect of their smoking on non-smokers. Martin Dewey, a Canadian journalist, in his recent book entitled, *Smoke in the Workplace*, wrote:

> Where the tobacco industry or smokers claim there is a right to smoke, they are talking in code. They are not really asserting a right to smoke, for it is generally conceded that people have every right to do so, just as they have every right to drink pop or chew gum or beat themselves over the head with a board. What they are asserting is a right to smoke at will; that is, to smoke without regard for the consequences to others. They are claiming the right to pollute, and the long and short of it is that there is no such right in society.

Dr. James Repace, a U.S. Environmental Protection Agency expert on the effects of smoking, wrote that smokers have the right to enjoy the risks of smoking, just as they have the right to play Russian roulette. He maintained that when they smoke indoors, however, in the presence of others, they are playing Russian roulette with non-smokers' health. This they do not have the right to do.

A few years ago, Mr. Justice Walter Tarnopolsky of the Supreme Court of Ontario, a former professor of law and a former president of the Canadian Civil Liberties Association, himself a smoker—at least, he was when he made this statement—said:

> It would be misdirected to equate the "right" to smoke with such fundamental civil liberties as the right of free speech, the right of assembly, freedom of religion, et cetera. A person's freedom to act must certainly be limited when such acts injure or tend to injure others. The claim of a person to a right to unpolluted air must take precedence over a claim to smoke in public . . . A person's "right" to smoke might more accurately be described as a limited privilege.

Furthermore, I think that all of us would agree that people must be free to choose—at least, that is what we practise in Canada—but that is provided that it is an informed choice. Dr. George Godber, former Chief Medical Officer of England, stated at the United Nations WHO meeting in Geneva four years ago:

> That informed choice is hopelessly prejudiced if it has to be made against the constant pressure of sales promotion, always presenting smoking as a sociable, attractive activity of normal men and women in pleasant circumstances. By now we have come to realize that smoking is essentially a form of addiction, which is cleverly reinforced by sales promotion.

The specious argument of the tobacco industry about a right ignores the fundamental interest and responsibility of governments in protecting public health. In all countries, government has the power to intervene to preserve the quality of the

environment and to promote public safety and welfare. In the case of tobacco smoking, the scientific evidence of the high rates of lung cancer, cardiovascular disease and other serious tobacco-related diseases in smokers, as well as the ill effects of passive smoking, places an obligation upon governments to act to protect the public. The health of the population has to take precedence over the freedom of the tobacco industry to promote sales of what are known to be harmful products. If I may, I will add to these arguments the wise statement of a famous legislator, Cicero, who stated, in the year 40 B.C. in the Senate of Rome, that the laws of man should put the safety of all above the safety of one.

The World Health Organization's 1982 report entitled, *Legislative Action to Combat the World Smoking Epidemic*, identified tobacco smoking as one of the serious health hazards of modern times and, what is more tragic, as an avoidable and unnecessary one. The harmful effects of smoking are no longer questioned except, perhaps, by the tobacco industry and stubborn, ill-informed, inveterate smokers. Numerous epidemiologic studies have shown that smoking increases the incidence of carcinoma of the bronchial tubes in the lungs; carcinoma of the pharynx and larynx, pancreas and urinary bladder; cardiovascular diseases, one of which is the dreaded emphysema, bronchitis, asthma allergy. This smoking epidemic has now invaded developing countries, killing 2.5 million people every year. Canada has the shameful record of being the sixth highest per capita consumer of tobacco in the world, after Greece, Japan, the U.S.A., Poland, and Yugoslavia, in that order. Statistics Canada recently revealed that the 40 per cent of Canadians who still smoked in 1982 puffed their way through more than 70 billion cigarettes per year. That cost the smokers $4.4 billion, and that expenditure cost Canada 32,623 lives due to tobacco-related diseases. That is only in addition to the nuisance caused to other people, the incalculable suffering caused to those who died and the cause of 20 per cent of the fires in this country. Furthermore, the financial loss to Canada of this tragedy and folly in 1982 was $7.1 billion. This enormous direct cost to our economy was broken down into $4.6 billion in lost income due to premature deaths, $1.5 billion due to hospitalization costs, $860 million due to disability payments, $30 million due to physician care and $120 million due to fire loss. I should add that these figures did not include extra pharmaceutical costs at home, firefighting services, and the purchase and maintenance of ventilation systems. Our statisticians say that there are also many indirect costs incurred by tobacco smokers.

• (1640)

All this damage is caused by using a tobacco product. This product, as I am sure all honourable senators know, is derived from that wicked plant called nicotiana tabacum, and its other species, nicotiana rustica and persica, purported to have been brought to Europe by Columbus after one of his trips to newly discovered America.

An Hon. Senator: Don't blame us!

Senator Haidasz: Tobacco smoke contains at least 3,800 known toxic chemicals of which 50 are implicated as carcinogens, all affecting adversely certain bodily organs. The main constituents of tobacco smoke are nicotine, carbon monoxide and numerous tar compounds—all major health hazards—and their patho-physiological effects are many.

Time and practice does not permit me, in this circumstance, to go into specific and lengthy details about the patho-physiological effects of tobacco. This information is readily available in easily understandable material, appearing in medical journals and information pamphlets from such organizations as the Addiction Research Foundation in Toronto, cancer societies and anti-smoking advocacy groups. Statistics Canada and the Department of National Health and Welfare are other rich sources of special reports on tobacco smoking and its ill effects.

The essential noxious element dealt with in Bill S-8 is the harmful effect of passive smoking. Involuntary, forced or passive smoking is defined as the exposure of non-smokers to tobacco-combustion produced in the indoor environment. Tobacco smoke in the environment is derived from two sources: the "mainstream" smoke exhaled by a smoker, and "sidestream" smoke arising from the burning end of a cigarette, cigar or pipe tobacco.

Most alarming is the scientific evidence that sidestream smoke contains a higher concentration of dangerous and potentially dangerous gas-phase constituents and particulates; and that the gas phase accounts for approximately 85 per cent of the smoke found in a room occupied by cigarette smokers. About 90 per cent by weight of tobacco smoke is in the gaseous phase and 10 per cent in the particulate phase.

Tobacco smoke, both sidestream and mainstream, contains toxic gases and particulates that reach or are deposited in the tracheo-bronchial region during inhalation, and also in the distant tiny air sacs of the lung called alveoli.

The visible smoke from the tip of a burning cigarette, containing highly concentrated toxic chemicals such as formaldehyde, hydrogen cyanide, and the potent carcinogen N-nitrosodimethylamine become only slightly diluted as smoke drifts horizontally for distances up to three metres.

Furthermore, what is also alarming is that the toxic substances are not removed by standard air filtration systems. It has been estimated that a non-smoker exposed to air heavily contaminated by sidestream and mainstream smoke inhales as much of those toxic substances in one hour as a smoker does by smoking 15 non-filter or 35 filter tip cigarettes.

Passive smoking, or sidestream smoke, is responsible not only for irritations of the eye and nose, but also causes significant impairment of lung function, raised heart rate and also high blood pressure in patients with angina pectoris, as well as dangerous levels of carbon monoxide, which could impair one's driving.

Many pre-existing medical conditions are also aggravated by sidestream smoke. It also causes many acute illnesses of the respiratory system. Sidestream smoke also has long-term effects on the lung function and is also implicated in lung

cancer among non-smokers. That is revealed in many scientific reports.

Chemicals present in tobacco smoke, or their metabolites, have been repeatedly detected in samples of blood, urine, saliva and even breast milk of non-smokers exposed to tobacco smoke. Furthermore mutagenic activity, which is cancerous, has been detected in cigarette-contaminated air and in urine samples from non-smokers exposed to such air.

Using data from American journals and other smoking surveys, Doctors Repace and Lowrey estimated that the proportion of non-smokers exposed to tobacco smoke at work or at home to be 86 per cent. They are also exposed to an average of 1.43 milligrams of tobacco smoke particulates per day. Dr. Donald Wigle and Neil Collishaw of the Health Protection Branch of the Department of National Health and Welfare wrote an article in 1984 in which they stated that for several of the components in tobacco smoke the recommended exposure in the work place was either zero or not assigned, suggesting that there may not be a safe level for involuntary exposure to tobacco smoke.

Another interesting statistic from those people who are concerned about the dangers of involuntary smoking, particularly in the workplace, is that an average cigarette burns 12 minutes, but the smoker puffs on it for only about 24 seconds. This means that only a small fraction of the smoke produced by the cigarette is directly inhaled by the smoker. Most of the smoke from a burning cigarette is discharged into the surrounding air to be inhaled by others. The other sad fact, as I mentioned before, is that gases are not filtered even by the better mechanical filters that exist in many buildings today. Those gases are recirculated in airtight buildings. Furthermore, most filters do not filter the minute particles in tobacco smoke, as they are smaller than one micron in size.

So, honourable senators, if filters in ventilation systems, particularly in airtight buildings, do not remove the tobacco-generated gases from the air, and let 99 per cent of the toxic particles pass through, I ask, what good are those filters? According to Dr. Repace, a non-smoker who finds himself in a typical workplace situation, with standard ventilation and an average distribution of smokers, can expect to inhale three cigarettes a day, which means that over a working lifetime a non-smoker's risk of lung cancer is 250 times the maximum lifetime value of tobacco smoke considered acceptable.

Dr. Repace also estimated that in order to reduce just the lung cancer risk to non-smokers to an acceptable level, an indoor work area with a typical mix of smokers and non-smokers would require 226 air changes per hour. I maintain that that is an impossible task. Yet, the guidelines of the Treasury Board of February 18, 1985, for minimizing the effects of tobacco smoke in the federal workplace and designed for an interim period of three years, state as follows:

> It is not the intention to invoke a smoking ban, nor to incur expenses in reorganizing operational activites, or changing the layout of the work areas or installing or supplementing ventilation systems in order to segregate smokers from non-smokers.

What a totally weak and inadequate effort by Treasury Board to protect smokers and non-smokers alike from the hazards of tobacco smoking! That is why, honourable senators, enforceable legislation is required to protect the health and lives of the workers.

● (1650)

Bill S-8, tabled by me on February 13, is but a first step to achieve better health protection in the federal workplace and in transport vehicles under federal jurisdiction. May I add here that municipalities such as Toronto, Vancouver and Winnipeg have already taken many steps and introduced ordinances to reduce the harm of tobacco smoke in public places, including restaurants. Mr. Sterling of the Ontario legislature introduced private bill No. 71 just a few weeks ago in which he envisages control of smoking in vehicles under provincial jurisdiction and in the provincial government workplace. Some Canadian airlines, such as Air Maritime and Torontair, have banned smoking on their flights altogether. Bill S-8 would ban smoking on flights of all Canadian airlines, excluding military aircraft, and prohibit smoking in all federal workplaces, as well as businesses under the Canada Labour Code, including Parliament. I believe that this is a first and necessary step.

I am at present working with my legal advisor in the Senate on other federal legislation to regulate the manufacture, promotion, sale and export-import of all tobacco products. This is the only way I believe we can achieve as soon as possible and as much as possible an environment free of tobacco smoke, which should be our ultimate goal in this very important health matter.

Speaking of other ill-effects of tobacco smoke, I think it is a tragedy to learn from Statistics Canada that deaths from lung cancer in women are predicted to surpass those from breast cancer, which is today the number one killer of women in Canada. After all, as I mentioned earlier, tobacco smoking alone took the lives of 32,623 of our fellow citizens in 1982 and cost the Canadian economy $7.1 billion. But the suffering and disability of these people dying from terminal lung cancer and emphysema is very difficult to calculate. As a practising physician for the past 35 years, it is heart-rending to tell these patients dying from terminal cancer and emphysema that their conditions are incurable, that they only have a few weeks or months to live and that they should settle their affairs with themselves, their family and their God.

Honourable senators, I am asking why the Canadian government has not done something about this matter. Do you know that 32,623 deaths in 1982 due to tobacco related diseases is the equivalent of 100 Canadians dying in a plane crash every day? What a great tragedy. Indeed, it is a great national scandal that Canada tolerates—yes, and permits this to happen by allowing the unregulated production, promotion and sale of a harmful and unneccessary product. What a grave indictment of governments that fail to bring in effective legislation to prevent this enormous loss of lives and money. Honourable senators, I ask you, why are governments so slow,

so reluctant, so timid, so irresponsible? Is it apathy? Is it fear? Is it stupidity? Or is it votes? Is it the powerful tobacco lobby? Or is it their annual $100 million to advertising agencies? Is it the government's $5 billion annual revenue from taxes on tobacco products? Is it the tobacco companies' donations to political party coffers? Or is it all these reasons? Tell me. Tell the victims of tobacco. Tell Canadians who are burdened with this great human loss and economic cost why the tobacco epidemic is not attacked vigorously and totally by their indifferent fellow citizens, their policy-makers, their politicians, their legislators, their governments. I appeal to the Minister of National Health and Welfare, who has spoken out against tobacco smoking, to show more courage, initiative and intelligence by bringing forth, without delay, legislation and enforceable regulations to curtail tobacco smoking in Canada. I call upon honourable senators who are associated with the tobacco industry to work within that industry to reform its practices.

Anti-smoking advocacy agencies have told us that there are numerous violations even of the voluntary code existing among the tobacco industries. There are only four tobacco companies in Canada that sell these 70 billion cigarettes. The largest is Imperial Tobacco, followed by Rothmans of Pall Mall and then by R.J. Macdonald Inc. and Benson and Hedges. Some of them are also in the business of selling alcohol, another toxic substance.

Senator Bosa: Leave that one alone.

Senator Haidasz: I appeal to honourable senators to cooperate with the movement to curtail tobacco smoking. Yes, impediments certainly exist, but that is our challenge, a challenge that we face together. I welcome your participation in this debate and a thorough study of Bill S-8 in the appropriate Senate committee.

Before concluding my remarks, I would like to express my deep gratitude to my parents who gave me the inheritance of a smoke-free home. I thank my peers for their good example. I am grateful to our legal counsel, Mr. Raymond du Plessis, who helped me to put my ideas in the legal language in which it appears in this bill before us.

Honourable senators, if there is wisdom among us—and I believe there is—and if there is the will—as I believe there should be—and if there is experience—as I am sure there is—then these qualities should be mobilized and employed in the best way possible to improve the quality and quantity of life of our fellow citizens.

I therefore urge honourable senators to take up this challenge with a sense of urgency and determination. This would then be another great opportunity for us in the Senate to serve our people.

On motion of Senator Bosa, debate adjourned.

• (1700)

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

PERMISSION FOR COMMITTEE TO TRAVEL—DEBATE ADJOURNED

Hon. Philippe Deane Gigantès, pursuant to notice of February 18, 1986, moved:

> That the Standing Senate Committee on Social Affairs, Science and Technology, which was authorized by the Senate on October 29, 1985, to study and report upon the Consultation Paper on Training and the document entitled: "Employment Opportunities: Preparing Canadians for a Better Future", or any sub-committee so authorized by the Committee, be empowered to adjourn from place to place within and outside Canada for the purpose of such study.

He said: Honourable senators, this motion and its attendant budget provisions has been approved by the Standing Senate Committee on Social Affairs, Science and Technology on the recommendation of its steering committee, which agreed to a proposal by the Subcommittee on Employment and Training. The reason we have asked for a change in the budget and for the right to travel is very simple: We discovered that a professor, if asked to come from Toronto to Ottawa, wants a fee of approximately $600 if he is an economist, to which one must add the cost of his aeroplane ticket and his per diem. On the other hand, if a member of our subcommittee who may be travelling with another committee, or who may go to Toronto just for that purpose, visits that professor at his office, the professor is prepared to be taped for three hours for nothing, or perhaps for the price of a lunch.

Professors at the Massachusetts Institute of Technology are prepared to grant a Canadian senator the privilege of a three-hour interview for nothing if the senator attends upon them. However, if one of those professors is asked to come here, he requires a fee of $2,000 or $3,000. That is why we are asking for this privilege of travelling. There will be no increase in the budget of the subcommittee involved. The Standing Committee on Internal Economy, Budgets and Administration has been so advised, and its permission has been granted.

On motion of Senator Marshall, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 20, 1986

The Senate met at 2 p.m. the Honourable Rhéal Bélisle, the Acting Speaker, in the Chair.

Prayers.

BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN SENATE GALLERY OF HOUSE OF COMMONS

The Hon. the Acting Speaker: Honourable senators are aware, of course, that the Minister of Finance will deliver his budget speech in the other place on Wednesday, February 26, 1986.

May I be permitted to remind honourable senators that none but senators will be admitted to the Senate Gallery of the House of Commons on that occasion. This step is being taken for the purpose of providing accommodation in the gallery for as many senators as possible, and so that senators will not be excluded from the gallery on account of many of the places being occupied by relatives and friends of senators.

May I add that such instructions were first issued in 1931 by the then Speaker of the Senate, the Honourable P. E. Blondin, and this practice has been followed ever since by succeeding Speakers.

VISITORS IN GALLERY

MEMBERS OF COMMITTEE ON ECONOMICS AND SCIENCE OF NATIONAL ASSEMBLY OF REPUBLIC OF KOREA

Hon. Orville H. Phillips: Honourable senators, may I draw to your attention the presence in the gallery of members of the Committee on Economics and Science of the National Assembly of the Republic of Korea. They are in Canada on a fact finding tour. The membership of the committee is: Mr. Han-Koo Oh, leader; and Mr. Jim Lee, Mr. Johng-Moon Park, Mr. Sang-Koo Chung and Mr. Young-Seng Kim, members.

I am particularly pleased, honourable senators, speaking as one who has spent a great deal of time in opposition, that the delegation contains two members of the official opposition.

Senator Hastings: Liberals?

Hon. Senators: Hear, hear.

[*Translation*]

NATIONAL DEFENCE

REPORT OF SPECIAL SENATE COMMITTEE TABLED

Hon. Paul C. Lafond: Honourable senators, I am pleased to table the third report of the Special Senate Committee on National Defence.

On motion of Senator Lafond, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. William M. Kelly, Deputy Chairman of the Standing Senate Committee on National Finance, presented the following report:

Thursday, February 20, 1986

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

THIRTEENTH REPORT

The Standing Senate Committee on National Finance, to which was referred Bill C-80, intituled "An Act to amend the Excise Tax Act and the Excise Act and to amend other Acts in consequence thereof", has, in obedience to its Order of Reference of Wednesday, February 19, 1986, examined the said Bill and now reports the same without amendment but with the following observations and recommendation.

The Committee commends the government for its effort to increase taxpayer rights by amending the collection and refund provisions of the Excise Tax Act. However, the Committee questions the proposed changes to this Act as found in clauses 34 and 37 of Bill C-80 which give the government power to audit and assess for a four-year period while entitling taxpayers to refunds for only the most recent two-year period. Under the current legislation, taxpayers are eligible for refunds for a four-year period in the case of routine transactions and for a one-year period in the case of judicial or ministerial interpretations. Because of the discriminatory nature of the one-year refund period, the government has proposed amendments which standardize and limit all refund requests to the immediate two-year period, but which leave the government with the power to assess for the immediate four-year period.

The Canadian Institute of Chartered Accountants notified the Minister of Finance, the Minister of National Revenue, and the Legislative Committee on Bill C-80 of this inequity. Since the government chose not to make such a change at this time, the Committee wishes to remind the government of the comment made by the Minister of State (Finance) on third reading of this Bill in

the other place. She said: "people who made representations concerning the provisons of this Bill can be assured that their views will be considered extensively and taken into account whenever further changes of those acts are contemplated." Accordingly the Committee recommends to the government that the refund and assessment period be the same and that this change be introduced the next time the Excise Tax Act is considered for amendment.

Respectfully submitted,

W. M. KELLY
Deputy Chairman

THIRD READING

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

Hon. Jean-Maurice Simard: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that this bill be read the third time now.

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

Hon. Senators: Agreed.

Hon. Henry D. Hicks: Honourable senators, unless the mover wishes to speak to the motion, I would like to say something with respect to this bill. I want to underline the nature of the remarks that were contained in the report of the committee that was just read to us.

I feel quite strongly about this matter. Since I first became a legislator in the Legislature of Nova Scotia some 40 years ago, I have always been very strongly opposed to provisions of this kind which impose an obligation upon the citizen and do not impose a corresponding obligation upon the government. I think that the discriminatory nature of the right to re-assess payments that have been made in excess of those required and to obtain a refund therefor, which applies to citizens for only a two-year period and, on the other hand, applies to the government's review for a four-year period, is inequitable. I therefore hope that the assurance which the minister is reported to have given to a committee in the other place will indeed be taken seriously, and that before too long, this inequity will be corrected.

In the meantime, I am opposed to the passage of this bill and will ask that, if indeed it does pass in this house, its passage be recorded as on division.

Hon. Jacques Flynn: I have no objection to the comments of Senator Hicks, but I would like to point out to him that if he were to defeat this bill—and I know that is not his intention—we will be faced with a one-year period instead of a two-year period, and therefore I think he might be going a little too far in his opposition.

Senator Hicks: I suppose half a loaf is better than none.

Senator Flynn: Yes, that is what I meant.

[Senator Kelly.]

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

• (1410)

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

PHILIPPINES PRESIDENTIAL ELECTION—ATTITUDE OF CANADIAN GOVERNMENT

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, during the last few days I have been raising questions with the Leader of the Government about the attitude of the Government of Canada to the election in the Philippines. I was pleased when I received today a copy of a communiqué issued by the Secretary of State for External Affairs, because I hoped that it would contain a clearcut questioning of the legitimacy of the election in the Philippines, as was the case yesterday in Washington when the Secretary of State there described that election as fraudulent. Therefore, I ask the Leader of the Government: Why is it that the statement of the Canadian government on this election is so wishy-washy? Is there any reason why the government has not been more definite, positive and firm, as the leader himself was a day or two ago, in questioning the legitimacy of the election in the Philippines?

Hon. Duff Roblin (Leader of the Government): I have to tell my honourable friend that the press release which he has just read is not the last word. It is a preliminary statement, and I expect that, probably tomorrow, further action will be taken by the Government of Canada which will, perhaps, be more in line with my honourable friend's views on this matter. I am not at liberty, at the moment, to say what action will be taken.

Senator MacEachen: I am surprised. I think I should make known to honourable senators the reason for my concern at this statement. The Secretary of State for External Affairs begins by saying:

> The Canadian government is gravely concerned about allegations of widespread irregularities and abuses leading up to, during, and subsequent to the recent elections in the Philippines.

I cannot understand why the government expressed concern at the "allegations" and not at the "widespread irregularities." Why should we be concerned about allegations when, in fact, the irregularities have occurred? Maybe it is bad drafting, but it certainly gives a very wishy-washy impression of Canadian policy.

I go on to read a further paragraph which states:

> The Canadian government notes, with concern, that a number of respected religious organizations, including the Conference of Catholic Bishops, has denounced the elections as fraudulent.

Why should the Canadian government be concerned that they have denounced the elections as fraudulent? Surely, it should be saying, "We agree with them." I do not believe that we should be expressing concern that organizations in the Philippines have denounced the election as fraudulent when the Leader of the Government himself, admittedly, as he stated, expressing his own feelings, questioned the legitimacy of the election. In view of the fact that the Secretary of State of the United States, who, the Leader of the Government in the Senate acknowledged several days ago, represents the country with special relations with the Philippines, went much further, I cannot understand this.

Has the Leader of the Government read the release, or has the Secretary of State for External Affairs read the release? Because it really worsens our situation rather than helps it.

Senator Roblin: I am sorry if my honourable friend does not like the wording of the release that has been issued. I have to tell him that I, myself, think that different words could have been used effectively.

But the real crux of the matter is: What does the government intend to do about it besides issue press releases? It intends to do something. I hope that an announcement may be made tomorrow as to what that action will be, although I may be mistaken and it may not be made tomorrow. To the best of my knowledge at the present time, my honourable friend can expect a further statement at that time.

Senator MacEachen: I take it, then, that the Leader of the Government finds this statement unacceptable. I find it unacceptable because it is very unsatisfactory.

May I ask whether the government has sent congratulations to the President of the Philippines, in view of this wishy-washy statement which expresses nervously a concern that anybody in the Philippines should question the election? Has the government congratulated Marcos?

Senator Roblin: I congratulate my honourable friend because he is certainly making the most of this little press release.

I am not exactly in a position to tell him that I share his views on this matter. I can tell him that no congratulations have been sent to the President of the Philippines.

Senator MacEachen: Has it been decided by the government not to have a Canadian representative at the inauguration of President Marcos, if that inauguration does take place?

Senator Roblin: I think that after further information has been made available to the country tomorrow, or by the beginning of next week, my honourable friend will find that his questions have been answered.

Senator MacEachen: Why is it that we have to wait? We have asked this question several times in the Senate. The minister has issued a press release which is clearly unsatisfactory and which the Leader of the Government finds unsatisfactory. Now we are told to wait until next week. Can the leader explain to us why we must wait if we cannot be told what is going to happen?

Senator Roblin: When my honourable friend has seen the measures the government is taking, he will understand that a delay of a day or two is not out of the question.

Hon. John B. Stewart: Honourable senators, will the Leader of the Government in the Senate agree to assist the Secretary of State for External Affairs in drafting the second statement of the government's intention so that the wording will be more felicitous than that of the first statement?

Senator Roblin: I do not think that I will respond to that in the affirmative because I am not entirely sure that I could do a better job myself. However, I will call upon my honourable friend if I get into trouble, and perhaps he can assist me.

Senator Stewart: I will be prepared to help.

Senator Flynn: God forbid!

AGRICULTURE

SUGAR-BEET INDUSTRY—1983 STABILIZATION PAYMENT—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, Senator MacEachen complains about waiting for an answer on the Philippines question. He does not know what waiting is! I have been waiting for a year for an answer on sugar-beets.

Some Hon. Senators: Hear, hear.

Senator Fairbairn: I should like to ask once again the Leader of the Government in the Senate whether there have been any skeleton cabinet meetings, or cabinet meetings of any description, in the past days or this morning which might place him in the position of being able to give us a date on which we can expect an announcement on the government's stand on a national sugar sweetener policy and the stabilization payments for the 1983 crop year for the sugar-beet industry.

Some Hon. Senators: Hear, hear.

Hon. Duff Roblin (Leader of the Government): I do not think any member of the Senate is more conscious than I of the, perhaps, legitimate impatience of my honourable friend.

I can tell my honourable friend nothing more than I have already said to her this week on two occasions.

Senator Fairbairn: Honourable senators, I thank the government leader. We have clearly placed a good deal of faith in his representations. He clearly has more opportunity to make them and to put some pressure on to expedite this matter further next week. I would ask him if, in his efforts to do so, I could assist him by giving him a copy of all of the questions that have been asked by me and my colleagues in the past many months. I have thrown a couple of speeches in, as well as some correspondence that I have had with the government on this issue. I should tell honourable senators that although it seems like there were some 923 questions, there are actually some 23 or 24 which I have asked, plus some others having been put by my colleagues. This material might be of some use to the Leader of the Government in the Senate.

• (1420)

Senator Roblin: As a needler, my honourable friend ranks among the best. I have to tell her that I will be very happy to have any information that she cares to give me. If it makes her feel any better, I have a special file in my office which is headed up with her name and inscribed with the topic "Sugar-beets". Every question she has asked and every speech she has made in this house or wherever else I have stumbled across it forms part of that record. She can rest assured that she has a faithful ally in me.

FOREIGN AFFAIRS

PHILIPPINES PRESIDENTIAL ELECTION—POSSIBLE RECALL OF CANADIAN AMBASSADOR

Hon. Gildas L. Molgat: Honourable senators, I have a question with regard to the Philippines. I wonder if the government has given consideration to recalling the Canadian ambassador for further instruction on the clear disapproval of the Canadian government with regard to the activities during the recent election in that country.

Hon. Duff Roblin (Leader of the Government): I can give my honourable friend the same answer that I gave to the Leader of the Opposition.

RE-ESTABLISHMENT OF DIPLOMATIC RELATIONS WITH IRAN

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. Canada has always played a prominent role in the promotion of peace and stability on the international scene.

Senator Flynn: Who has?

Senator Bosa: Canada, through Mr. Pearson and Mr. Trudeau.

Senator Phillips: You are saying that Mr. Trudeau did not?

Senator Bosa: Mr. Trudeau and Mr. Pearson played a very important role in international affairs.

Senator Phillips: By that you are saying that Mr. Trudeau did not?

Senator Bosa: No, I am emphasizing that Mr. Trudeau also played an important role in international affairs.

In light of the increased hostilities between Iran and Iraq in the Gulf area, has the government taken any new initiatives to re-establish diplomatic relations with Iran?

Hon. Duff Roblin (Leader of the Government): Not that I am aware of, honourable senators.

THE ECONOMY

DECLINE IN VALUE OF CANADIAN DOLLAR

Hon. Ian Sinclair: Honourable senators, my question is for the Leader of the Government in the Senate. Could he tell us whether he believes that the Canadian electorate has indicated that it only wants to be blind-sided once?

Hon. Duff Roblin (Leader of the Government): My beliefs are really not germane to the issue, but I know that my honourable friend does not like to be blind-sided.

Senator Sinclair: I did not realize that the government leader was active in these matters, but perhaps he could assist us by telling us why the Canadian dollar continues at a level below 75 cents U.S. when his leader is continually pointing out that he should be congratulated on all the things that he has done. Why is it that the Canadian dollar is still wallowing in the slough of despair?

Senator Roblin: I am not so sure that it is all that bad. The dollar is now approaching 72 cents U.S. which is a decided improvement over the level to which it fell in recent times. But I defer to my honourable friend; he is an expert in money.

Senator Sinclair: Perhaps the Leader of the Government would take some action, along with his colleagues, to try to assist those people who are suffering because of the very high real interest rate, which has followed as a consequence of the fall in value of the dollar.

Senator Roblin: My honourable friend has been around for some time. He has seen the activities of this government and of other governments in defending the Canadian dollar. He knows the role of interest rates in that struggle, so he can answer his own question.

Senator Sinclair: I would rather have the government leader's answer. I am not the government.

Senator Roblin: And rather a good thing, too.

Senator Sinclair: He is, though, for a while.

INDUSTRY

AEROSPACE—ALLOCATION OF SERVICE CONTRACTS

Hon. Gildas L. Molgat: Honourable senators, yesterday I asked the government leader some questions regarding the aerospace industry in Manitoba. I referred, in particular, to the problems that seem to be arising regarding a contract for the repair of CF-18 aircraft and the Bristol Aerospace Company in Winnipeg. Normally, when the Leader of the Government replies, he says that we cannot question him, as a minister, with regard to the advice he gives the government. However, in his reply yesterday he did not reply as a minister, but as a senator. He stated:

> . . . I will certainly do whatever I can, as a senator from Manitoba . . .

Therefore, I am asking questions of the Leader of the Government as a senator and not as a minister. Can he tell me what advice he has given to the government, and, as a senator from Manitoba, what action he proposes to take in this matter, which is now becoming urgent?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I really cannot be a split personality. I can tell my

honourable friend that I will promote the interest of this particular issue as a minister of the government.

Senator Molgat: The Leader of the Government replied yesterday as a senator. As a supplementary, I point out that my concern is as to the advice he is giving the government as a senator from Manitoba. Right now jobs are being lost in Manitoba.

Senator Flynn: It would be out of order.

Senator Molgat: If Senator Flynn wishes to get into the discussion, he may do so.

Senator Flynn: On a point of order, the honourable senator cannot put a question to Senator Roblin as a senator, but only as a minister. The honourable senator should look up the rules. He is Chairman of the Standing Rules and Orders Committee.

Senator Molgat: Senator Flynn, I am quite aware of the rule. If Senator Flynn also read the rules, he would find that they say that senators should not interrupt other senators who are speaking. They may rise on a point of order.

Some Hon. Senators: Hear, hear.

Senator Molgat: The honourable senator is welcome to rise on a point of order whenever he wishes, but the house would really appreciate it, Senator Flynn, if you would not—

Senator Flynn: What are you doing now?

Senator Molgat: Let me get back to the question. I recognize that I must ask the Leader of the Government the question as a minister, and I did that; but he responded to me as a senator. It was his response, not mine. Therefore, I am asking him what advice he gave.

Senator Roblin: It is too bad that when a point of order is raised and it is legitimate, my friend does not respect it.

Senator Molgat: Yes, I did. I sat down.

THE SENATE

MEETING OF FOREIGN AFFAIRS COMMITTEE

Hon. Peter Bosa: Honourable senators, in the absence of the Chairman of the Standing Senate Committee on Foreign Affairs, may I put a question to Senator Macquarrie, the deputy chairman of that committee? It is rumoured that the Senate will not sit next week. I am wondering if the deputy chairman can indicate whether or not the committee will be meeting.

Hon. Heath Macquarrie: Honourable senators, having an orderly and tidy mind, I was waiting until the Senate had made some decision about what to do about next week. When it had done so, I was going to announce, as an exercise in supererogation, that Senator van Roggen had asked that the Committee on Foreign Affairs meet at the usual time, that is on Tuesday at 11 a.m., when the witness will be Mr. Horace Barber, the former Governor of the Bank of Jamaica and the Alternate Executive Director of the World Bank. We look forward to seeing Senator Bosa there.

FRANCOPHONE SUMMIT

FAMINE RELIEF—REPORTED BREACH OF AGREEMENT BETWEEN GOVERNMENT OF CANADA AND GOVERNMENT OF QUEBEC

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, so that our records will be complete on this subject, may I return to another subject which I raised earlier with the Leader of the Government, namely, the francophone summit? I had asked the Leader of the Government whether there was any disagreement between the Government of Canada and the Government of Quebec with respect to the proceedings at the francophone summit. More particularly, I asked whether the Government of Canada felt that the agreement, or the entente, had been breached in any way by the substantive proposal made by Premier Bourassa made with respect to the provisioning of European food for African countries. The Leader of the Government said that there was no breach, that the ministers in attendance were satisfied that everything was as it should have been.

I am confused by statements emanating from Paris which state—and here I quote from today's *Citizen*. The Prime Minister:

> added sternly that if Quebec breaks that rule at the next francophone summit to be held in Quebec City . . . that'll be the first and last time, it's just that simple. Do it to me once, blind-side me once, (and) you've got a problem the next time we have a meeting.

Of course, the newspapers are full of the statement by the Prime Minister, which is quite direct, colourful, and can only be associated with the Premier of Quebec.

Does the Leader of the Government now accept the view of the Prime Minister, or is he going back to the view of Mr. Bouchard, whom he quoted the other day, the view being that the Prime Minister is unhappy and dissatisfied that, according to his views, this entente has been breached.

● (1430)

Hon. Duff Roblin (Leader of the Government): Honourable senators, I confess frankly that I am having a hard time with newspaper reports. There seems to be a difference of nuance in what we have heard. My honourable friend thinks it is considerably more than that. I will say that my brief at the present time has not changed. However, I will be very glad to make further inquires, and if there is any further information I can obtain on this matter, I will pass it on to my honourable friend.

Senator MacEachen: Honourable senators, I would appreciate it. I think we ought to know exactly what the view of the Government of Canada is and what incident the Prime Minister had in mind when he used the expression "blind-side." It is a pretty rough one. It is not quite "Versailles" language, if I may so say.

Senator Roblin: I know one thing for sure, if my honourable friend had been there, it would have been "Versailles" language.

Senator Flynn: I doubt it.

Senator MacEachen: Honourable senators, I do not want to be too insistent, but I want to tell the Leader of the Opposition—

Senator Flynn: The Leader of the Opposition?

Senator MacEachen: The Leader of the Government—that we will be wanting to know when we resume exactly what the attitude of the Prime Minister is. Was the "blind-side" comment directed to the President of France, one of his other colleagues or to Mr. Bourassa? We would like to know.

Senator Roblin: Honourable senators, now that we have my status clarified, I can say that I will take my honourable friend's observations under advisement.

Senator MacEachen: I do not want advisement, I want answers.

Senator Roblin: Well, I am using "Versailles" language.

Senator MacEachen: Good.

FISHERIES AND OCEANS

WHEREABOUTS OF PARLIAMENTARY SECRETARY

Hon. Charles McElman: Honourable senators, though I agree wholeheartedly with the Leader of the Government that one should not lend too much credence to reports of the media, there is one that appeared in the *Globe and Mail* of last Friday which concerns me as a Maritimer. It is very short, and I shall read it. It says:

> After cutting 200 jobs from the Department of Fisheries and Oceans, Fisheries Minister Thomas Siddon was eager to get out some good news in several places across the country, including Halifax.
>
> As the minister was in British Columbia, his parliamentary secretary, Mel Gass,—

Mr. Gass is a member of Parliament for the constituency of Malpeque in Prince Edward Island. The quotation continues:

> —was sent to Halifax yesterday to give the glad tidings to the East Coast fishing establishment. Trouble is, according to DFO sources, Mr. Gass caught the wrong plane, ended up in Toronto and missed the planned Halifax press conference.

As a Maritimer concerned for another Maritimer who is a colleague in this Parliament and who was acting in a quasi-ministerial capacity, could I ask the Leader of the Government, has he been found yet?

Hon. Duff Roblin (Leader of the Government): Honourable senators, I have had a number of questions asked of me this session, but that is one I cannot answer.

REPRESENTATION BILL, 1985

THIRD READING

On the Order:

[Senator Flynn.]

> Resuming the debate on the motion of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Macquarrie, for the third reading of the Bill C-74, intituled: "An Act to amend the Constitution Act, 1867 and the Electoral Boundaries Readjustment Act and to provide for certain matters in relation to the 1981 decennial census".—(*Honourable Senator MacEachen, P.C.*)

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I would like to make some comments on this particular bill. In fact, I want to weep some angry tears over the replacement of the amalgam method by the inferior system contained in Bill C-74. I want to express my deep regret at the loss of ten seats which were to have been provided to the Atlantic provinces under the existing law and which will now be removed by the adoption of this particular bill. I wish to express my own interest in this particular subject, since it was once my responsibility to provide a solution to the problems experienced in 1974 with regard to the representation of Canada. Prior to the 1974 election, as President of the Privy Council, I put before the Standing Committee on Privileges and Elections a number of alternative proposals. Of course, a number of members of that committee also had ideas, but ultimately the method outlined in the act which is now being replaced was introduced into the House of Commons on December 2, 1974, by the then President of the Privy Council, the Honourable Mitchell Sharp. It was adopted by the House and, subsequently, by the Senate. In his statement at the time, Mr. Sharp outlined the principles which were the source of the provisions of that bill incorporating the amalgam method. The amalgam method was adopted because of the general dissatisfaction at that time with the then existing system. For example, provinces which had not lost any of their population were losing seats under the system that prevailed prior to 1974. Other provinces, such as Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland were already at their Senate floor level or were very close to it. Indeed, the province of Quebec was slated to lose two seats at that time. The urban centres were experiencing explosive growth and the rural members were faced, because of the freeze on the size of the House, with representing larger and larger areas and larger and larger numbers of electors. We had many discussions prior to the introduction of the bill. Indeed, a separate bill was introduced in 1973 to suspend the operation of the Representation Act. On that occasion Mr. Mazankowski, speaking on behalf of rural members, made the following comment:

> —even those provinces which do not stand to lose seats under the redistribution process now before the House will lose rural representation very heavily. These rural ridings are swelling to unmanageable proportions and as a rural representative I simply cannot accept this proposition.

It may be of interest to honourable senators—

Senator Flynn: In territory or in numbers?

● (1440)

Senator MacEachen: In territory and in numbers. Pardon me, I should say in territory. Senator Flynn is correct, but the

situation that existed at that time was brought about by the fact that, even though the population of Canada had increased by 7.5 million between 1951 and 1971, the membership in the House of Commons had remained virtually unchanged. What was then to be done to provide a representation system that would reconcile the undoubted principle of representation by population with the particular requirements of the smaller provinces which have been treated differently in our country for a very long time and, at the same time, to acknowledge the pivotal role of Quebec in the representation system? The value of the amalgam system was that it reconciled, in a workable way, those three contending principles and it did give some breathing room, for example, to the smaller provinces.

I find it very hard to understand why it is that the government has made a proposal which will have the effect of removing ten seats from the Atlantic provinces, to which they are entitled under the present law, and which would be available to them, according to present projections, after the census of 2001. Honourable senators, that is just 15 years away and it is not a very long time in the perspective of a region or a country. Not only will the Atlantic provinces be frozen at their present level of 32 seats forever, but their clout, their proportion, their influence in the federal system will be reduced. That is if we believe that a member of Parliament is a source of influence, and I happen to believe that.

Therefore, honourable senators, I make reference to the case of the smaller provinces because their needs are ignored in this bill, whereas they were fully recognized, or at least attended to, under the amalgam method. After all, it is not as if the amalgam method, which we are now discarding on the recommendation of the government, was shoved down the throats of the House of Commons or of the Senate. The fact of the matter is that at third reading the bill was adopted unanimously without a dissenting voice; not on division; not under closure, but by the consent and willingness of the four parties which existed in the House of Commons at that particular time. It is true that at second reading there were some misgivings which were reflected in the vote, but when the bill received third reading, obviously whatever problems that had existed had been removed.

Honourable senators, there were some rather good parliamentarians involved in the arrangements that were worked out at the time, including Mr. Stanley Knowles, who represented his party in the deliberations and who said in his speech:

> I think an arrangement has been worked out that should see us through a few decades, and I think it will be looked upon as an improvement over what we had.

Senator Flynn: That was in 1974?

Senator MacEachen: Yes, in 1974.

Senator Flynn: Up to 1994?

Senator MacEachen: The representative of the Social Credit Party, the late Mr. Fortin said, and I quote:

> Mr. Speaker, I wish to congratulate the President of the Privy Council (Mr. Sharp) for having introduced Bill C-36 . . .
>
> Generally speaking, our party is satisfied with Bill C-36. We are glad that the government accepted to propose, to use the so-called 'amalgam' formula which seems by far the best of all proposed formulas.

I agree with Mr. Fortin. It is the best of all the so far proposed formulas—and it is being rejected in this bill.

At that time, as I have said, there were four parties in the House of Commons and on third reading they all accepted the bill. There was no dissent and we proceeded with unanimity to its implementation. The situation today is quite unlike that situation. The New Democratic Party opposes this bill; the Liberal Party opposes this bill. The proposals of the President of the Privy Council, Mr. Hnatyshyn, have not received the consent of the two other parties in the House of Commons. In fact, in order to get the bill out of the House of Commons, the President of the Privy Council had to put the bill under time allocation or closure. That is my first point: The amalgam method as found in the present law was accepted unanimously. The method being proposed in Bill C-74 is opposed by the opposition parties and it has been put through by time allocation.

However, honourable senators, there is another point that must be addressed, and that is that when the dissolution of Parliament took place prior to the last election, the process had almost been completed. The commissions, under the existing law, had done their work. Their reports were before the House of Commons and were about to be debated. There was absolutely no outcry at that time from any party, that I can recall, against the system or about the number of seats that it would produce for any election subsequent to the 1981 census. Therefore, it comes to me as a deep disappointment that, with that background of general support, the government, on its own, following the election, saw fit to bring in a new system which, as I have stated, ignores the needs of the smaller provinces totally and freezes the representation of the Atlantic provinces for the foreseeable future, to the year 2001, at 32 seats when, under the present law, those four Atlantic provinces could grow, under the projections provided, to 42 members. The reasons given by the President of the Privy Council are not very convincing. I know it is more expensive to have a larger house, and he has given certain estimates of expenses. I do not think that that should be the decisive consideration, in view of certain expenditures made by the present government with which we disagree and which amount to billions of dollars. I take the example of the American Coast Guard vessel that went through our territorial waters without our consent while the Government of Canada remained silent. In order to recover the situation, the government subsequently committed itself to build a new vessel which will likely cost much more than the additional cost of the representation under the amalgam method up to the year 2001. I do not regard consideration of cost as a convincing reason.

• (1450)

The second reason is that a larger house will deny members an opportunity to participate. I cannot believe that a parliamentarian of experience would make that comment, because even today, with a house of 282 members, you will find that the burden upon the member of Parliament is so heavy, in terms of attendance in the House of Commons, in committee, in the constituency and elsewhere, that there is difficulty in manning the committees themselves. At least, that was my experience when I was Leader of the Government in the House of Commons for quite a number of years. Even though we had a majority, it was difficult to man the committees; not because members were goofing off—not at all—but because they had a great amount of work to do. Anyone who has been a member in the House of Commons knows that even today members, particularly from the Atlantic provinces, are over-stretched. Don't tell me anything about that. I represented a rural riding with six counties, and if it so happens under this bill, as it will, that the eastern areas of Nova Scotia are rearranged so that there will be only two seats, for example, on the Island of Cape Breton, then the work of those two members will be almost unbearable.

Senator Stewart proposed an amendment to relieve this situation for three provinces—Nova Scotia, Newfoundland and Manitoba. Why was it not possible to accept that amendment so that at least the pressure would be lightened upon the members from those provinces?

I regret very much that this bill has been introduced, and I regret very much that, because of the circumstances of the Senate, I cannot defeat the bill, because it is a bad bill. At the first opportunity, the House of Commons will move to correct the defects of this bill.

Why is it, honourable senators, that the additional seats that are provided for in this bill must all go to the three large provinces—Ontario, Alberta and British Columbia?

• (1500)

The President of the Privy Council introduced a bill which provided, initially, for 289 seats. The additional seven seats were conferred upon British Columbia, Alberta and Ontario. Please believe me when I say that I respect absolutely the requirements of these growing provinces. But in further debate, the number of additional seats already given to those three provinces was further enlarged. The bill was amended to increase the representation in the House of Commons to 295 seats, an increase of 13 seats in total, and all going to the larger provinces, with the smaller provinces being ignored and Quebec frozen. I speak about the method, but, as a senator from the Atlantic provinces, I express my displeasure and my regret that some lightening of the burden imposed upon those provinces was not effected.

Honourable senators, I am not appalled at the idea of growth in the size of the House of Commons, for the reasons which I have already stated. It would require some alteration in mentality, and some rearrangements in the operation of the House of Commons, perhaps, but I do not think that that is a decisive consideration. If, as the projections reveal, the ultimate increases by the year 2001 under the amalgam method were considered to be beyond what could be accepted by the government, then why was some consideration not given to an increase in the representation of the smaller provinces? Why all the growth to the larger provinces? And why was it not possible for the government to accept the reasonable amendment that would have provided some abatement for three smaller provinces? The case of Newfoundland is really a scandal. The size of the province has been disregarded, as has the burden caused by the greater numbers of people that members will have to represent.

I make the case for the Atlantic provinces, but I also make the broader case that the provisions in this bill have twisted the needs of the country and put them into a straitjacket in which the country will not live as it had to live for a long period of time, with a growth of 7.5 million people and no growth in the membership of the House of Commons.

I am not going to go into all of the political considerations which occur to me, but I must say that I do not understand why the government could not have given some consideration to the Atlantic region of Canada.

With the projected increases in population, the present law would have given the Atlantic provinces 42 seats by the year 2001. That law is being amended and the Atlantic provinces are being frozen for the foreseeable future at 32 seats. Newfoundland would have received some additional seats, as would Nova Scotia and New Brunswick. Prince Edward Island, of course, would have remained with the Senate floor.

Another bizarre result of this bill is that the election of 1988 will be fought on the census of 1971. The provinces of Ontario, British Columbia and Alberta, which, under this bill, and under the present law, are entitled to substantial increases in the number of seats, will be denied those increases unless one can guarantee that the Prime Minister will not hold an election until the late fall of 1988. It would be very normal and, indeed, likely that the Prime Minister would consider calling an election in the spring of 1988.

Senator Flynn: That is what you did before!

Senator MacEachen: That would be normal and likely. But there would be a great hue and cry from the provinces of Alberta, Ontario and British Columbia, saying: "Do not have an election until we have our additional seats." The Prime Minister has put himself into the situation where the timing of the next election is no longer in his hands. The next election should be fought on the conclusions of the representation commissions, which had almost completed their work following the census of 1981. The Conservative Party in the House of Commons had participated and had raised no objection to the system in place, yet suddenly after the last election the process was arrested and now we are being cast into a totally new representation system.

Honourable senators, I make these points because they are very important points and because we have not heard the end of this bill. It may receive Royal Assent at an early date, but it is a "sleeper" that will come back to bedevil the country in the

year 1988, and at the earliest possible moment Parliament will move to change the unfair provisions of this bill, particularly those unfair provisions relating to the smaller provinces.

Hon. Finlay MacDonald: Just for clarification, and with a short preamble, would Senator MacEachen permit a question?

I do not want to get into a discussion as to whether or not we should have a larger House of Commons, as was anticipated under the amalgam formula, but since we have no quarrel with regard to the projection of population, and since you have twice mentioned what you refer to as the "reasonable amendment" proposed by Senator Stewart, and since those of us from the Atlantic region do not want to take a back seat to anyone with respect to the protection of our interests, and our entitlements—which I refer to as our rightful claim—I ask Senator MacEachen to tell us how we could defend our credibility if we were to promote the consequences of Senator Stewart's formula, which shows our population remaining constant at 9.2 per cent, at 9.1 per cent and at 9.3 per cent, and our representation in the House of Commons going to 11.4 per cent from 9.2 per cent, to 12.7 per cent from 9.1 per cent, and finally to 13.5 per cent from 9.3 per cent? Could we be credible in the eyes of the other provinces if we were to promote that?

Senator MacEachen: I think that Senator MacDonald has raised a very interesting point. Never has this country established its representation system solely on the basis of population. That is the answer—that we represent provinces and that if they are to have their place in Confederation, then—if I understood the question, perhaps I did not—I do not think that we can rely entirely upon strict representation by population. We are not modelled on a Greek city state in this country. That is why, please believe me, I am not opposing the necessary increase of members in those provinces with very rapidly growing populations, but I am conscious of the role of a province like Nova Scotia and Manitoba. If the amalgam formula had not been adopted, Nova Scotia, in the Commons today, would have one fewer seat, as would Manitoba. I do not think that, for a province like Nova Scotia or Manitoba, one more seat would stretch my credibility very much, particularly if one does not believe that arithmetic is the sole determinant, and the country has never agreed to that.

• (1510)

Hon. John B. Stewart: Honourable senators, would Senator MacEachen permit a question? Does not Senator MacEachen realize that the amendment which I was proposing addressed itself, in its first part, specifically, to the redistribution based on the census of 1981? My proposed amendment would have imposed a statutory obligation on the Parliament of Canada to review the situation immediately after the next census, so that the kind of situation that Senator MacDonald refers to could have been anticipated and dealt with adequately by Parliament.

Senator Phillips: The answer is no.

Senator MacEachen: Yes, I realize that. I thought that the amendment which Senator Stewart put forward was the minimal amendment that could be made in the circumstances, because it would not be possible for the Senate to redraw the whole bill; it would not be unreasonable to ask the minister to consider adding three more seats in addition to those which he had already added for the larger provinces. The review that would subsequently be made would consider what the next phase might be. I thought that the purpose of the amendment was really an effort to overcome an immediately urgent unfairness. I had certainly thought of other amendments, but here was one that was hard to turn down, in my opinion, because it was for a term specific.

Hon. Joyce Fairbairn: Honourable senators, I have no desire to hold up passage of this bill this afternoon, so I will be brief. I have followed the discussion of Bill C-74 with care and with a mounting anxiety. I wish to thank Senator Stewart in particular for his efforts to force attention on the basic issues involved in this legislation. I use the word "force" deliberately because it really is the case. This issue of changing the representation in the House of Commons is so complex that it has been extraordinarily difficult for Senator Stewart and others to impress upon their colleagues some of the very basic concerns which ultimately will affect the regional balance in Parliament for years to come. This has not been an area in which I have had any particular expertise, and it has been mainly because of the persistence of Senator Stewart and others on the Standing Senate Committee on Legal and Constitutional Affairs that I have made a point of trying to come to grips with the implications behind the reassuring words that have accompanied the introduction of this legislation by the government. My uneasiness has grown into some alarm at these future implications, which, in terms of my province of Alberta, might not be that far in the future.

I, like Senator MacEachen, have a feeling that this bill is a "sleeper" in that many people, even those active in politics and political organizations, may have the impression that the system is unfolding as it should simply because a bill has been passed. They may be in for one heck of a shock if an election is called in a year or so and the old rules are still in place. It is for this reason, honourable senators, that I wish to register my very real concern that the process which has produced this bill may already have jeopardized the opportunity of the province of Alberta and its sister province of British Columbia to finally claim the extra representation which they deserve in the House of Commons because of the growth of their populations over the last two decades.

Currently, as honourable senators are aware, Alberta has 21 seats in the House of Commons. Had the present system of electoral adjustment been completed and ready for the next election—a process which was in the final stages, as others have said, prior to the 1984 election—based on the census of 1981, Alberta would enjoy six more seats, for a total of 27; British Columbia would have five more, for a total of 33. Under this process, the number of seats in the House of Commons would have risen from 282 to 310, in total, which obviously would have entailed physical adjustment to accommodate such an increase and, indeed, even larger increases in

the years ahead. Certainly that is a substantive change, but, in a democracy such as ours, I do not believe that the fairness of regional and provincial representation of the Canadian people in their Parliament should be a secondary consideration to the physical accommodation of members in the House of Commons. Naturally, that point of view is debatable. That is why, in part, we are wrestling with this current bill. The government did not choose to proceed with the work that had already been done and nearly completed prior to the last election in 1984. It decided to begin again and to work out a system whereby the physical size of our House of Commons would not be dramatically changed in the foreseeable future, but a new arrangement of distribution would be made which, in some way, would fairly reflect population growth areas of this country without being unfair to the smaller provinces.

Unfortunately, as Senator Stewart, Senator MacEachen and others have tried valiantly to warn us, this bill does contain mechanisms which will act to the disadvantage of smaller provinces, most particularly Newfoundland and Nova Scotia, in the future. The bill will provide five new seats for Alberta, which is one less than the current formula would have done, and it will provide a similar increase for British Columbia. However, because this new bill did not get under way in the House of Commons until last fall, these additional seats are very much at risk in terms of the next election, when these two provinces may experience the worst of all possible electoral worlds. Should the government choose to call an early election in 1987 or in 1988, which is quite possible, the machinery to carry out such an election under the provisions of this new bill will not be in place. There will be no extra seats for Alberta—not six, not five, but the same old 21, which is highly unfair to the citizens of that province, as well as to the citizens of British Columbia, where the same situation would prevail.

• (1520)

As I said earlier, I fear that this issue is a "sleeper" and the cold reality may not hit in the affected areas until it is too late to protest. Given the scope of the issue in that it touches every area in this country, there really has been very little debate on this bill in this chamber, which did not receive it until just before the Christmas recess.

The government, despite all the best efforts, has not been persuaded to have a second look at the implications of the bill, or to let the formula currently in force carry over pending such reconsideration, so that equity would be assured for the next election. For that reason, honourable senators, I wish to register my own personal concerns today that the passage of this bill may well jeopardize fair treatment in terms of electoral representation for the citizens of my province of Alberta in the next election.

Hon. Douglas D. Everett: Honourable senators, I have not studied the detail of this bill. It is not my intention to enter into the debate on the specifics, but listening to the debate here today it does raise in my mind an issue which I believe is germane to the matter of representation.

Senator MacEachen quite rightly raises the issue that he is concerned that some of the less populous Canadian provinces will not enjoy proper representation. On the other hand, Senator MacDonald says that it would be ludicrous to increase the representation of Nova Scotia if, indeed, the population did not increase.

I must say that both arguments appealed to me, because I believe that what we are dealing with is really an inevitability. We may be able to discuss here and in the Committee on Legal and Constitutional Affairs the possibility of not having representation by population. Historically we may have been able to provide greater representation for the less populated provinces; but the fact of the matter is that over a period of time the House of Commons will be operating under the system of representation by population, and the populated areas will enjoy the greater proportion of representation. This leads to the inescapable conclusion that it is the Senate's function to provide for any discrepancy resulting from lack of that representation from those provinces. It always has been that function since Confederation—

Senator MacEachen: Amen!

Senator Everett: —and it has to be done on that basis. But the fact of the matter is that an appointed Senate cannot do it; and that is why, in essence, we are discussing this problem. Somehow we want to solve it by counteracting any imbalance in representation in the House of Commons. Well, the mechanism to do that exists here. All that we really have to do is institute the processes necessary to bring about an elected Senate.

Some Hon. Senators: Hear, hear.

Senator Everett: The representation problem would then be solved. Senator MacEachen's point of there being too much pressure on individual members of Parliament would also be covered. The smaller provinces, by virtue of the kind of representation that the Senate has, would be represented by the electoral process in the Senate. If we chose a system of proportional representation, such as the single transferable ballot, then not only would we have fair representation of the less populated provinces of Canada, we would also have fair representation of a broader party nature across the country.

It seems to me that the outcome is just inevitable. I do not see why it cannot happen now. At one time I took the attitude that perhaps the Senate could make a declaration that it was going to protect provincial, regional and minority rights, and that for this purpose it would examine every piece of legislation that came before it from the House of Commons. If any piece of legislation offended those basic principles, then the Senate would reject it until the Commons had an opportunity to appeal to the electorate. Then, if they did so—and not in the way they did it in the case of the wiretap bill—and if the electorate gave them the go ahead, they would repass the legislation and the Senate would also pass it.

I thought that was a possibility. But after seeing several examples—of which the wiretap legislation was the most prominent—I realized that that was not going to happen; that if we really wanted to have legitimacy in that regard and if we wanted to do the job that we were put here to do, we had to be

elected. So all that this debate tells me, and all that the consideration that is being given to this bill tells me, is that this body should be elected!

Some Hon. Senators: Hear, hear.

Senator MacDonald: Honourable senators, by way of correction, I believe that Senator Everett attributed to me the word "ludicrous", when I referred to the matter of having representation in the Atlantic that was out of proportion. If I said "ludicrous", then I did not mean to, and I hope the record will not show that. If Senator Stewart can pull this off, then I am all in favour of it. I was making reference to the fact that I think the attempt would strain our credulity. I did not say it was a ludicrous idea.

Hon. Brenda M. Robertson: Honourable senators, I had not planned to speak to this particular issue. However, Senator MacEachen brought up an issue that concerns me when he referred to the great workload of MPs. Certainly I do not disagree that, under the present system, our members of Parliament are greatly strained and that their time does not stretch sufficiently to meet the demands that are placed upon them. But what has concerned me for many years is how the federal government has grown and how the federal government has got into duplication and multiplication of programs that normally were once considered to be delivered by the provinces or the municipalities. It seems to me that if the federal government were to pull back and do only those things that the federal government should do, and allocate to provinces and municipalities those responsibilities which quite properly rest with them, the workload of MPs would certainly be much lighter than it is now. I could cite honourable senators example after example.

Surely the role of the federal government, in many areas, particularly in those areas where we are contributing dollars—and in many instances large amounts of dollars—is not to deliver the program, messing up someone else's backyard, where that someone else has the capability of delivering the program? Its role is to be there in a monitoring capacity, setting standards and ensuring that those standards are met.

I would be one of the first to urge my own government to step back and let someone else do it, because I believe that the federal government is not the best agency for delivering many of the programs that are being delivered to the provinces today. There is a lot of waste, there is a lot of duplication as we all know. Personally, I would like to see the federal government, where it is involved with dollars being spent, concentrate more on setting standards and ensuring that those standards are met having regard to the money that is provided for whatever the service is.

• (1530)

[*Translation*]

Hon. Jacques Flynn: Honorables senators, I listened with interest to the debate on third reading of this bill which has been before the Senate since December 18.

I must say I find it very difficult to understand and to reconcile the various positions taken by Senators Stewart, Corbin, MacEachen and Fairbairn.

Their comments led Senator Everett to make his remarks on the subject of Senate representation, which is relevant to some extent. I will get back to this later on. Senator Robertson spoke about the territorial aspect of electoral districts. I intend to comment on this as well. I found nothing in what was said by the senators who were opposed to the bill which actually came to grips with the problem.

I think there has been an attempt to create a false impression. They have been trying to make a mountain out of a molehill. And of course, the champion of them all was Senator Corbin!

Senator Corbin: Thank you!

Senator Flynn: He exaggerated in every way he could. He distorted my comments. He invented a host of imaginary monsters which he then proceeded to attack most viciously.

And what is left of the objections that were formulated? I had the misfortune to say there had been no fundamental objections in the other place. I repeat, there were no fundamental objections, but there was a strategic objection. We know that the Liberal Party is finding it very difficult to live with its opposition status. It keeps looking for an excuse to provoke debate and create controversy. It is happiest when it gets the government to impose closure. This means they are no longer talking about the bill but about the fact they are being prevented from speaking to the bill. They shout that they can't speak, that they can't express their objections to the bill because they don't have time to do so! The Liberals spend hours repeating they don't have time to say what they want to say.

Senator Corbin gave us the prime example of this when he said: "We don't have time, you are pushing us."

Imagine, this small group of Conservative senators trying to rush the majority! The bill has been before the Senate since December 18 last year. It has been referred twice to the Committee on Legal and Constitutional Affairs. The debate on third reading has been going on for several days. Often, when the Order of the Day was called to resume debate on the bill, no one took the floor.

Apparently, the Liberal Party's tactic is one of silence, what we could call a silent filibuster. There was nothing to prevent debate, Senator Corbin. You had your chance to say everything you wanted to say at least twice.

In fact, after all your complaints about the Liberal Party being rushed, you said at page 2055:

> I spoke and argued a great deal when the bill was being considered.

You certainly did speak a great deal and you argued a great deal, but you didn't say much of any substance, to be quite honest.

Senator Corbin: That's your opinion. You weren't even here.

Senator Flynn: I read your comments.

Senator Corbin: You should have taken part in the debate!

Senator Flynn: Finally, what was the position of Senator MacEachen?

You wanted the system in effect today to continue and thus let the increase continue. Fine. But would the representation of the smaller provinces increase as well? No one has been able to prove this. In fact, the figures that were mentioned and which you used in your arguments, especially Senator Stewart, show that proportionally, and this is important, the position of the smaller provinces would have diminished in any case. However, the proportion in which this occurs is not as great under the proposed system as under the present one.

Is there any difference in principle between the proposed formula and the existing one? There is none, except the numerical result. And I don't want anyone telling me that if we have more members representing fewer people, these people are better served. We are not better served from the territorial point of view, as Senator Robertson pointed out. You can't resolve the territorial problem under the present formula. That is just not true.

The principle that consists of taking account of the territory is in the bill. Twenty-five per cent may be added to or subtracted from the quota to allow for geographical circumstances. But you will never solve the problem of Cape Breton as compared with Manicouagan and the Northwest Territories, that is a joke!

I would even suggest that in many cases the arguments put forward were nothing but pure and simple demagoguery. It is false, it is not the intent of the bill. The bill simply provides that the number of members in the House of Commons will increase more slowly.

Is that not a good principle? Did you know that on the basis of the population—Senator MacEachen mentioned an increase of 7 million—taking the United States as an example, their House of Representatives should have in excess of 3,000 members as compared with our House of Commons?

Still the representative of a large riding will always have problems, and the only way to come to grips with that is to apply the principle which was in the legislation to begin with.

Referring to Clause 6 of the bill:

> —but in departing from the application of rule (*a*)—

Namely the quota.

> —the commission shall make every effort to ensure that, except in circumstances viewed by the commission as being extraordinary—

That might be the case of Cape Breton Island.

> —the population of each electoral district in the province remains within twenty-five per cent more or twenty-five per cent less of the electoral quota for the province.

That has always been the principle and it is the only way to solve the problem. This bill does not change anything at all.

People complain about the loss of additional seats. The opponents complain because of the seats the provinces will not have as a result of the implementation of the new legislation. However nobody complains about the fact that the proportions are reduced.

[Senator Flynn.]

Under the existing rule Quebec would automatically have won four seats on the basis of the 1981 census, and four more seats in 1991 and in 2001.

The way things are now Quebec loses those seats. If you add three seats in the Atlantic provinces, as suggested by Senator Stewart, British Columbia will complain. Senator Fairbairn will immediately stand up to defend the cause of Alberta. All the others will complain.

We must keep the essential element, the proportion of representation. In that respect, they seem to have forgotten all about the constitutional provisions.

I think I should read from the British North America Act sections 51A and 52 which are not amended by this bill.

Section 51A:

> 51A. Notwithstanding anything in this Act a province shall always be entitled to a number of members in the House of Commons not less than the number of senators representing such province.

Since every province has a minimum of representation in the Senate, this certainly provides some protection for the smaller provinces.

Section 52 reads:

> 52. The number of Members of the House of Commons may be from time to time increased by the Parliament of Canada, provided the proportionate representation of the provinces prescribed by this Act is not thereby disturbed.

The only exception provided in the case of the smaller provinces is in section 51A. There is no other. The additional compensation is representation in the Senate. The Atlantic Provinces have 30 senators. They have more than Quebec, more than Ontario and far more than all of Western Canada. This is a way of correcting the imbalance.

The important thing is, that the proportionate representation referred to in section 52, except for the senatorial minimum which benefits the smaller provinces, remains intact. There is no other way to solve this problem.

Of course we can have a House of Commons with 400 members. If you want more, if there is no problem about increasing the number of members indefinitely, fine.

● (1540)

But if the proportional representation or figures go down, it is not much of an improvement.

The province of Quebec has been steadily losing representation in the House of Commons as a result of shifts in the population. Alberta will become more important, and that is quite normal. Senator Fairbairn says that her province would have had more, but if that were the case, other provinces would have had more as well.

I think the provinces that have a legitimate complaint about the present figures are Quebec, Ontario, Alberta and British Columbia, because the population of these provinces is increasing at a faster rate.

As for the projections for 2001, I don't think Senator MacEachen should be so pessimistic as to refuse to consider the possibility that his party would be back in power by that time and could amend the legislation accordingly, circumstances permitting. I think it was rather amusing to hear Senator MacEachen say that the present government might be thinking of calling an election on the basis of the 1971 census figures. When the last Liberal government called the 1984 election, it was not based on the 1981 census. Everything was ready. It was up to the Liberal government to give the new electoral boundaries force of law. It did not. What did it have in mind? I think it takes a lot of imagination to accuse the present government of having partisan intentions with this bill. What does a party have to gain by providing that the House of Commons will have only 295 members in the next election instead of 310 if the election is held in 1988 or even later? No one can accuse the government of having sinister or partisan intentions in this respect.

If we look at the figures in the tables appearing in the *Debates of the Senate* of December 18, 1985, we see that the smaller provinces will increase their representation proportionally during those years. They are not losing out in any case. Ontario and Quebec are the losers. Alberta is losing, proportionaly, one-tenth of one per cent, for the information of Senator Fairbairn. Nothing in these figures suggests any injustice or inequity exists with respect to any of the provinces.

The only valid argument that can be raised would be that they are in favour of a larger representation in the House of Commons. Senator Stewart did not go that far, he was satisfied with getting three more ridings. But then, if we do give his province three more ridings, we will have to give something more to the others. That would be starting from scratch, back to square one, and there would be no end to it.

The 1974 formula is the brainchild of Senator MacEachen, if I may put it that way. I can easily understand why he would be in favour of it. He pointed out that all parties had endorsed his formula. Just fine, but is that an argument? Perhaps it is, if only to show that the opposition then was more reasonable than it is today. Perhaps in those days the opposition did not try to trip the government on every single issue. That may be the difference.

Once again I want to emphasize that the arguments made by Senators Stewart, MacEachen, Corbin and Fairbairn do not really amount to much, unless they seek to increase the number of seats in the House of Commons.

If we claim to take something away from a province, we must keep in mind that the balance is restored through the existing formula, for it guarantees a higher proportion if not larger representation. The regional balance is what really matters.

If you attempt to thwart the principle of proportional representation in addition to the senatorial compensation, all I can say is that you are opening a debate which will never end.

Had Senator Stewart been successful in getting his amendment through we would have had to adopt another one to correct such or such anomaly, and the end would be nowhere in sight.

In all fairness, honourable senators, unless we want the number of seats in the House of Commons to increase and multiply—not a good principle under the circumstances, I am sure—we must consider that nobody will be slighted under the principle contained in this bill and nobody will be treated unfairly.

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

[*English*]

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Orville H. Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, March 4, 1986, at 2 o'clock in the afternoon.

Motion agreed to.

The Senate adjourned until Tuesday, March 4, 1986, at 2 p.m.